BLACKSTONE MORTGAGE TRUST, INC.
Form 10-K
February 18, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition period from _____ to_____

Commission file number 1-14788

Blackstone Mortgage Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**94-6181186**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
345 Park Avenue, 42nd Floor, New York, NY	**10154**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (212) 655-0220

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on which registered**
Class A common stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨ (not required)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer x

Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the outstanding class A common stock held by non-affiliates of the registrant was approximately $637,303,991 as of June 28, 2013 (the last business day of the registrant s most recently completed second fiscal quarter) based on the closing sale price on the New York Stock Exchange on that date.

As of February 11, 2014, there were 39,276,651 outstanding shares of class A common stock. The class A common stock is listed on the New York Stock Exchange (trading symbol BXMT).

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this annual report on Form 10-K incorporates information by reference from the registrant s definitive proxy statement with respect to its 2014 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of the registrant s fiscal year.

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PART I.

ITEM 1. BUSINESS

References herein to Blackstone Mortgage Trust, company, we, us or our refer to Blackstone Mortgage Trust, Maryland corporation, and its subsidiaries unless the context specifically requires otherwise.

Our Company

Blackstone Mortgage Trust is a real estate finance company that primarily originates and purchases senior mortgage loans collateralized by properties in the United States and Europe. Our business plan is to create the premier global commercial real estate lending platform and to originate, acquire and manage commercial real estate loans and securities and other commercial real estate-related debt instruments. We are externally managed by BXMT Advisors L.L.C., or our Manager, a subsidiary of The Blackstone Group L.P., or Blackstone, and are a real estate investment trust, or REIT, traded on the New York Stock Exchange, or NYSE, under the symbol BXMT.

We conduct our operations as a REIT for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act. We are organized as a holding company and conduct our business primarily through our various subsidiaries.

Our business is organized into two operating segments: the Loan Origination segment and the CT Legacy Portfolio segment. The Loan Origination segment includes our activities associated with the origination and acquisition of mortgage loans, the capitalization of our loan portfolio, and the costs associated with operating our business generally. The CT Legacy Portfolio segment includes our activities specifically related to legacy investments that precede the re-launch of our business in May 2013.

On April 26, 2013, our board of directors approved the change of our name from Capital Trust, Inc. to Blackstone Mortgage Trust, Inc., which we effected on May 6, 2013 concurrently with a one-for-ten reverse stock split of our class A common stock. Except where the context indicates otherwise, all class A common stock numbers herein have been adjusted to give retroactive effect to the reverse stock split.

Our principal executive offices are located at 345 Park Avenue, 42nd Floor, New York, New York 10154, and our telephone number is (212) 655-0220. We were incorporated in Maryland in 1998, when we reorganized from a California common law business trust into a Maryland corporation.

Our Manager

We are externally managed and advised by our Manager, which is responsible for administering our business activities and day-to-day operations and providing us our executive management team, investment team and appropriate support personnel.

Our Manager is a part of Blackstone s alternative asset management business, which includes the management of real estate funds, private equity funds, hedge fund solutions, credit-oriented funds and closed-end funds. Blackstone also provides various financial advisory services, including financial and strategic advisory, restructuring and

reorganization advisory and fund placement services. Through its different businesses, Blackstone had total assets under management of approximately $265.8 billion as of December 31, 2013.

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In connection with the performance of its duties, our Manager benefits from the resources, relationships and expertise of Blackstone s global real estate group, which is the largest private equity real estate manager in the world with $79.4 billion of investor capital under management as of December 31, 2013. Blackstone s real estate group was co-founded in 1991 by John G. Schreiber, who currently serves as a member of our board of directors and is the chairman of our Manager s investment committee. Jonathan D. Gray, who serves as global head of Blackstone s real estate group, is a member of the board of directors of Blackstone and is a member of our Manager s investment committee. In addition to the 193 professionals who are part of the global Blackstone real estate platform as of December 31, 2013, our Manager benefits from Blackstone s global relationships with property owners, managers, lenders, brokers and advisors and the real-time knowledge derived from its broadly diversified real estate holdings.

Within Blackstone s real estate group, our Manager forms part of Blackstone Real Estate Debt Strategies, or BREDS, which was launched by Blackstone in 2008 to pursue opportunities relating to debt and preferred equity investments globally, with a focus on the United States and Europe. Michael B. Nash, the chief investment officer and co-founder of BREDS, serves as the executive chairman of our board of directors and is a member of our Manager s investment committee. As of December 31, 2013, 46 dedicated BREDS professionals managed approximately $9.0 billion of assets (including Blackstone Mortgage Trust and assets previously under Blackstone Mortgage Trust s management).

Our chief executive officer, chief financial officer, and other executive officers are senior BREDS professionals. None of our Manager, our executive officers, or other personnel supplied to us by our Manager is obligated to dedicate any specific amount of time to our business. Our Manager is subject to the supervision and oversight of our board of directors and has only such functions and authority as our board of directors delegates to it. Pursuant to a management agreement between our Manager and us, or Management Agreement, our Manager is entitled to receive a base management fee, an incentive fee, and expense reimbursements. See Item 13 Certain Relationships and Related Transactions, and Director Independence in this Annual Report on Form 10-K for more detail on the terms of the Management Agreement.

Sale of Investment Management Platform

On December 19, 2012, we completed the disposition of our investment management and special servicing business to Blackstone for a purchase price of $21.4 million. The sale included our equity interests in CT Investment Management Co., LLC, or CTIMCO, our related private investment fund co-investments, and 100% of the outstanding class A preferred stock of CT Legacy REIT Mezz Borrower, Inc., or CT Legacy REIT, a subsidiary that held certain legacy assets. We refer to the entire transaction as our Investment Management Business Sale. Pursuant to the terms of the Investment Management Business Sale, we are now managed by our Manager pursuant to terms and conditions of our Management Agreement. In addition, Blackstone received the right to designate two members of our board of directors. On December 19, 2012, we also closed our sale to Blackstone of 500,000 shares of our class A common stock for a purchase price of $10.0 million.

Our Investment Strategy

Our investment strategy is to originate loans and invest in debt and related instruments supported by institutional quality commercial real estate in attractive locations. Through our Manager, we draw on Blackstone s extensive real estate debt investment platform and its established sourcing, underwriting and structuring capabilities in order to execute our investment strategy. In addition, we benefit from our access to Blackstone s extensive network and substantial real estate and other investment holdings, which provide our Manager access to market data on a scale not available to many competitors. While the majority of our capital likely will continue to be invested in the United States, we expect to benefit from Blackstone s global real estate debt platform, which includes a team of nine investment professionals based in London that focuses on commercial real estate debt investment opportunities

throughout Europe.

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We benefit from Blackstone s real estate debt investment expertise in order to directly originate, co-originate and acquire debt instruments in conjunction with acquisitions, refinancings and recapitalizations of commercial real estate around the world. In the case of loans we acquire, we focus on performing loans that are supported by well-capitalized properties and portfolios. We believe that the scale and flexibility of our capital, as well as our Manager s and its affiliates relationships, enables us to target strong sponsors and invest in debt collateralized by large, high-quality assets and portfolios.

As market conditions evolve over time, we expect to adjust our investment strategy to adapt to such changes as appropriate. We believe there are significant opportunities among our target assets that currently present attractive risk-return profiles. However, to capitalize on the investment opportunities that may be present at various other points of an economic cycle, we may expand or change our investment strategy and target assets. We believe that the diversification of the portfolio of assets that we acquire, our ability to aggressively manage our target assets, and the flexibility of our strategy will position us to generate attractive long-term returns for our stockholders in a variety of market conditions.

Our Target Assets

The assets in which we intend to invest will include the following types of commercial real estate loans and other debt-oriented investments, focusing primarily on the office, lodging, retail, industrial, residential and healthcare real estate sectors in the United States and Europe, including, but not limited to:

Senior Mortgage Loans

Our business is focused on originating senior mortgage loans that are backed by commercial real estate assets. These loans are secured by real estate and evidenced by a first priority mortgage. These loans may vary in duration, may bear interest at a fixed or floating rate, may amortize, and typically require a balloon payment of principal at maturity. These investments may encompass a whole loan or may also include *pari passu* participations within such a mortgage loan.

Subordinate Loans

Although originating senior mortgage loans is our primary area of focus, we also originate subordinate loans, including subordinate mortgage interests and mezzanine loans.

Subordinate Mortgage Interests

These are interests, often referred to as B Notes, in a junior portion of the mortgage loan. Subordinate mortgage interests have the same borrower and benefit from the same underlying secured obligation and collateral as the holder of a mortgage loan. These subordinate interests may include *pari passu* participations within such interest and may also be evidenced by their own promissory notes or may be evidenced by a junior participation in a mortgage loan. In either case, the interests are subordinated to the A Note or senior participation interest by virtue of a contractual arrangement, which typically governs payment priority and each party s rights and remedies with respect to the mortgage loan. As a general matter, following a default under the mortgage loan, all amounts are paid sequentially first to the A Note or senior participation interest and then to the B Note or subordinate participation interest. The holder of the senior participation interest typically has the exclusive authority to administer the loan, granting the holder of the subordinate mortgage interest discretion over specified major decisions; however, in the event that the loan becomes non-performing, the holder of the subordinate mortgage interest typically has effective control over the remedies relating to the enforcement of the mortgage loan, including ultimate control of the foreclosure process. In

some cases, there may be multiple senior and/or junior interests in a single mortgage loan.

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Mezzanine Loans

These are loans (including *pari passu* participations in such loans) made to the owners of a mortgage borrower and secured by a pledge of equity interests in the mortgage borrower. These loans are subordinate to a first mortgage loan but senior to the owners equity. These loans may be tranched into senior and junior mezzanine loans, with the junior mezzanine lenders secured by a pledge of the equity interests in the more senior mezzanine borrower. Following a default on a mezzanine loan, and subject to negotiated terms with the mortgage lender or other mezzanine lenders, the mezzanine lender generally has the right to foreclose on its equity interest and become the owner of the property, directly or indirectly, subject to the lien of the first mortgage and any debt senior to it including any outstanding senior mezzanine debt. In addition, the mezzanine lender typically has additional rights *vis-à-vis* the more senior lenders, including the right to cure defaults under the mortgage loan and any senior mezzanine loan and purchase the mortgage loan and any senior mezzanine loan, in each case under certain circumstances following a default on the mortgage loan.

Other Loans and Investments

In addition to originating or purchasing senior mortgage loans and subordinate loans, we may invest in other commercial real estate loans, preferred equity, and other debt-oriented investments such as real estate securities or note financings.

Preferred Equity

These are investments subordinate to any junior mezzanine loan, but senior to the owners common equity. Preferred equity investments pay a dividend, rather than interest payments and often have the right for such dividends to accumulate if there is insufficient cash flow to pay the dividend currently. These interests are not secured by the underlying real estate, but upon the occurrence of a default, the preferred equity provider typically has the right to effectuate a change of control with respect to the ownership of the property.

Real Estate Securities

These are interests in real estate which may take the form of commercial mortgage-backed securities, or CMBS, or collateralized loan obligations, or CLOs. In each case, these interests are collateralized by pools of real estate debt instruments, often first mortgage loans. The underlying loans are aggregated into a pool and sold as securities to different investors. Under the pooling and servicing agreements that govern these pools, the loans are administered by a trustee and servicers, which act on behalf of all investors and distribute the underlying cash flows to the different classes of securities in accordance with their seniority and terms.

Note Financing

These are loans secured by other mortgage loans, subordinate mortgage interests, and mezzanine loans. Following a default under a note financing, the lender providing the note financing would succeed to the rights of lender on the underlying loan interests.

The allocation of our capital among our target assets will depend on prevailing market conditions at the time we invest and may change over time in response to different prevailing market conditions, including with respect to interest rates and general economic and credit market conditions. In addition, in the future we may invest in assets other than our target assets, in each case, subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exclusion from regulation under the Investment Company Act. Such other assets may include, among other

things, other commercial real estate-related debt investments, such as loans to REITs and real estate operating companies, or REOCs, and corporate bonds of REITs and REOCs; construction/rehabilitation loans; loans to providers of real estate net lease financing; other real estate-related financial assets and investments, including preferred stock and convertible debt securities of REITs and REOCs; credit default swaps and other derivative securities; CDOs; and non-real estate-related debt investments.

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Our Portfolio

For information regarding our Loan Origination segment s portfolio as of December 31, 2013, see Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations II. Loan Origination Portfolio and V. Loan Portfolio Details in this Annual Report on Form 10-K.

Investment Guidelines

Our board of directors has approved the following investment guidelines:

- no investment shall be made that would cause us to fail to qualify as a REIT under the Internal Revenue Code;
- no investment shall be made that would cause us or any of our subsidiaries to be regulated as an investment company under the Investment Company Act;
- our Manager shall seek to invest our capital in a broad range of investments in or relating to public and/or private debt, non-controlling equity, loans and/or other interests relating to real estate assets (including pools thereof), real estate companies, and/or real estate-related holdings;
- prior to the deployment of capital into investments, our Manager may cause our capital to be invested in any short-term investments in money market funds, bank accounts, overnight repurchase agreements with primary federal reserve bank dealers collateralized by direct U.S. government obligations and other instruments or investments reasonable determined by our Manager to be of high quality;
- not more than 25% of our Equity, as defined in the Management Agreement with our Manager, will be invested in any individual investment without the approval of a majority of the investment risk management committee of our board of directors; and
- any investment in excess of $150.0 million requires the approval of a majority of the investment risk management committee of our board of directors.

These investment guidelines may be amended, restated, modified, supplemented or waived pursuant to the approval of a majority of our board of directors, which must include a majority of the independent directors, without the approval of our stockholders.

Financing Strategy and Financial Risk Management

In addition to raising capital through public offerings of our equity securities, our financing strategy includes secured and unsecured repurchase and other credit facilities, securitizations, resecuritizations, and public and private, secured and unsecured debt issuances by us or our subsidiaries. In addition to our current repurchase facilities, asset-specific financings, and convertible notes, we may access additional repurchase facilities, asset-specific financings, debt

issuances or more traditional borrowings such as credit facilities.

The amount of leverage we may employ for particular assets will depend upon our Manager s assessment of the credit, liquidity, price volatility and other risks of those assets and the financing counterparties, and availability of particular types of financing at the then-current time and the financial covenants governing our then outstanding indebtedness. Our decision to use leverage to finance our assets will be at the discretion of our Manager and will not be subject to the approval of our stockholders. We currently expect that our leverage will not exceed, on a debt to equity basis, a ratio of 4-to-1. We will endeavor to match the terms and indices of our assets and liabilities, including in certain instances through the use of derivatives. We will also seek to minimize the risks associated with recourse borrowing.

Subject to maintaining our qualification as a REIT, we may, from time to time, engage in hedging transactions that seek to mitigate the effects of fluctuations in interest rates or currencies and their effects on our cash flows. These hedging transactions could take a variety of forms, including interest rate or currency swaps or cap agreements, options, futures contracts, forward rate or currency agreements or similar financial instruments.

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Competition

We are engaged in a competitive business. In our lending and investment activities, we compete for opportunities with a variety of institutional lenders and investors, including other REITs, specialty finance companies, public and private funds (including other funds managed by Blackstone and its affiliates), commercial and investment banks, commercial finance and insurance companies and other financial institutions. Several other REITs have raised, or are expected to raise, significant amounts of capital, and may have investment objectives that overlap with ours, which may create additional competition for lending and investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to us, such as the U.S. Government. Many of our competitors are not subject to the operating constraints associated with REIT rule compliance or maintenance of an exclusion from regulation under the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of loans and investments and offer more attractive pricing or other terms than us. Furthermore, competition for originations of and investments in our target assets may lead to decreasing yields, which may further limit our ability to generate desired returns.

In the face of this competition, we have access to our Manager s and Blackstone s professionals and their industry expertise, which we believe provide us with a competitive advantage and help us assess risks and determine appropriate pricing for certain potential investments. We believe these relationships will enable us to compete more effectively for attractive investment opportunities. However, we may not be able to achieve our business goals or expectations due to the competitive risks that we face. For additional information concerning these competitive risks, see Item 1A Risk Factors Risks Related to Our Lending and Investment Activities We operate in a competitive market for lending and investment opportunities which has recently intensified, and competition may limit our ability to originate or acquire desirable loans and investments in our target assets and could also affect the yields of these assets and have a material adverse effect on our business, financial condition, and results of operation.

Employees

We do not have any employees. We are externally managed by our Manager pursuant to the Management Agreement between our Manager and us. Our executive officers serve as officers of our Manager, and are employed by an affiliate of our Manager.

Government Regulation

Our operations in the United States are subject, in certain instances, to supervision and regulation by state and federal governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions, which, among other things: (i) regulate credit granting activities; (ii) establish maximum interest rates, finance charges and other charges; (iii) require disclosures to customers; (iv) govern secured transactions; and (v) set collection, foreclosure, repossession and claims-handling procedures and other trade practices. We are also required to comply with certain provisions of the Equal Credit Opportunity Act that are applicable to commercial loans. We intend to conduct our business so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. Furthermore, our international activities are also subject to local regulations.

In our judgment, existing statutes and regulations have not had a material adverse effect on our business. In the wake of the recent global financial crisis, legislators in the United States and in other countries have said that greater regulation of financial services firms is needed, particularly in areas such as risk management, leverage and disclosure. While we expect that new regulations in these areas will be adopted in the future, it is not possible at this time to forecast the exact nature of any future legislation, regulations, judicial decisions, orders or interpretations, nor

their impact upon our future business, financial condition or results of operations or prospects.

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Taxation of the Company

We made an election to be taxed as a REIT, effective January 1, 2003, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, for U.S. federal income tax purposes. We generally must distribute annually at least 90% of our net taxable income, subject to certain adjustments and excluding any net capital gain, in order for U.S. federal income tax not to apply to our earnings that we distribute. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our net taxable income, we will be subject to U.S. federal income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. Our qualification as a REIT also depends on our ability to meet various other requirements imposed by the Internal Revenue Code, which relate to organizational structure, diversity of stock ownership and certain restrictions with regard to the nature of our assets and the sources of our income. Even if we qualify as a REIT, we may be subject to certain U.S. federal excise taxes and state and local taxes on our income and assets. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and will not be able to qualify as a REIT for the subsequent four full taxable years.

Furthermore, we have formed several taxable REIT subsidiaries, or TRS. Any TRS we own will pay federal, state and local income tax on its net taxable income. See Item 1A Risk Factors Risks Related to our REIT Status and Certain Other Tax Items for additional tax status information.

Website Access to Reports

We maintain a website at *www.bxmt.com*. We are providing the address to our website solely for the information of investors. The information on our website is not a part of, nor is it incorporated by reference into this report. Through our website, we make available, free of charge, our annual proxy statement, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish them to, the SEC. The SEC maintains a website that contains these reports at *www.sec.gov*.

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ITEM 1A. RISK FACTORS

FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act, which involve certain known and unknown risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and portfolio management and the performance of our investments. These forward-looking statements are generally identified by their use of such terms and phrases as intend, goal, estimate, expect, project, projections, plans, seek should, could, may, designed to, foreseeable future, believe, and scheduled and similar expressions. Our a or outcomes may differ materially from those anticipated. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Our actual results may differ significantly from any results expressed or implied by these forward-looking statements. Some, but not all, of the factors that might cause such a difference include, but are not limited to:

- the general political, economic and competitive conditions in the United States and foreign jurisdictions where we invest;
- the level and volatility of prevailing interest rates and credit spreads;
- adverse changes in the real estate and real estate capital markets;
- difficulty in obtaining financing or raising capital;
- the deterioration of performance and thereby credit quality of property securing our investments, borrowers and, in general, the risks associated with the ownership and operation of real estate that may cause cash flow deterioration to us and potentially principal losses on our investments;
- a compression of the yield on our investments and the cost of our liabilities, as well as the level of leverage available to us;
- adverse developments in the availability of desirable loan and investment opportunities whether they are due to competition, regulation or otherwise;
- events, contemplated or otherwise, such as acts of God including hurricanes, earthquakes, and other natural disasters, acts of war and/or terrorism and others that may cause unanticipated and uninsured performance

declines and/or losses to us or the owners and operators of the real estate securing our investments;

the cost of operating our business, including, but not limited to, the cost of operating a real estate investment platform and the cost of operating as a publicly traded company;

authoritative generally accepted accounting principles, or GAAP, or policy changes from such standard-setting bodies as the Financial Accounting Standards Board, or FASB, the Securities and Exchange Commission, or SEC, the Internal Revenue Service, or IRS, the New York Stock Exchange, or NYSE, and other authorities that we are subject to, as well as their counterparts in any foreign jurisdictions where we might do business; and

other factors, including those items discussed in risk factors set forth below.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements. Moreover, unless we

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are required by law to update these statements, we will not necessarily update or revise any forward-looking statements included or incorporated by reference in this Annual Report after the date hereof, either to conform them to actual results or to changes in our expectations.

Risks Related to Our Lending and Investment Activities

Our loans and investments expose us to risks associated with debt-oriented real estate investments generally.

We seek to invest primarily in debt in or relating to real estate-related businesses, assets or interests. Any deterioration of real estate fundamentals generally, and in the United States and Europe in particular, could negatively impact our performance by making it more difficult for entities in which we have an investment, or borrower entities, to satisfy their debt payment obligations, increasing the default risk applicable to borrower entities, and/or making it relatively more difficult for us to generate attractive risk-adjusted returns. Changes in general economic conditions will affect the creditworthiness of borrower entities and may include economic and/or market fluctuations, changes in environmental, zoning and other laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply and demand, fluctuations in real estate fundamentals (including average occupancy and room rates for hotel properties), energy supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates and operating expenses, changes in interest rates, changes in the availability of debt financing and/or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, negative developments in the economy that depress travel activity, demand and/or real estate values generally and other factors that are beyond our control. The value of securities of companies that service the real estate business sector may also be affected by such risks.

We cannot predict the degree to which economic conditions generally, and the conditions for real estate debt investing in particular, will improve or decline. Declines in the performance of the U.S. and global economies or in the real estate debt markets could have a material adverse effect on our business, financial condition and results from operations. In addition, while improved real estate fundamentals have resulted in increased investment opportunities for us, market conditions relating to real estate debt investments have evolved since the global financial crisis, which has resulted in a modification to certain loan structures and/or market terms. Any such changes in loan structures and/or market terms may make it relatively more difficult for us to monitor and evaluate our loans and investments.

Commercial real estate-related investments that are secured, directly or indirectly, by real property are subject to delinquency, foreclosure and loss, which could result in losses to us.

Commercial real estate debt instruments (e.g., mortgages, mezzanine loans and preferred equity) that are secured by commercial property are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower s ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things:

- tenant mix and tenant bankruptcies;

success of tenant businesses;

property management decisions, including with respect to capital improvements, particularly in older building structures;

property location and condition;

competition from other properties offering the same or similar services;

changes in laws that increase operating expenses or limit rents that may be charged;

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any need to address environmental contamination at the property;

changes in national, regional or local economic conditions and/or specific industry segments;

declines in regional or local real estate values;

declines in regional or local rental or occupancy rates;

changes in interest rates and in the state of the debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate;

changes in real estate tax rates and other operating expenses;

changes in governmental rules, regulations and fiscal policies, including environmental legislation;

acts of God, terrorism, social unrest and civil disturbances, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; and

adverse changes in zoning laws.

In addition, we are exposed to the risk of judicial proceedings with our borrowers and entities we invest in, including bankruptcy or other litigation, as a strategy to avoid foreclosure or enforcement of other rights by us as a lender or investor. In the event that any of the properties or entities underlying or collateralizing our loans or investments experiences any of the foregoing events or occurrences, the value of, and return on, such investments, and could adversely affect our results of operations and financial condition.

Interest rate fluctuations could reduce our ability to generate income on our loans and other investments, which could lead to a significant decrease in our results of operations, cash flows and the market value of our investments.

Our primary interest rate exposures relate to the yield on our loans and other investments and the financing cost of our debt, as well as our interest rate swaps that we may utilize for hedging purposes. Changes in interest rates may affect our net income from loans and other investments, which is the difference between the interest and related income we earn on our interest-earning investments and the interest and related expense we incur in financing these investments. Interest rate fluctuations resulting in our interest and related expense exceeding interest and related income would result in operating losses for us. Changes in the level of interest rates also may affect our ability to make loans or investments, the value of our loans and investments and our ability to realize gains from the disposition of assets. Increases in interest rates may also negatively affect demand for loans and could result in higher borrower default rates.

Our operating results depend, in part, on differences between the income earned on our investments, net of credit losses, and our financing costs. The yields we earn on our assets and our borrowing costs tend to move in the same direction in response to changes in interest rates. However, one can rise or fall faster than the other, causing our net interest margin to expand or contract. Although we seek to match the terms of our liabilities to the expected lives of loans that we acquire or originate, circumstances may arise in which our liabilities are shorter in duration than our assets, resulting in their adjusting faster in response to changes in interest rates. For any period during which our investments are not match-funded, the income earned on such investments may respond more slowly to interest rate fluctuations than the cost of our borrowings. Consequently, changes in interest rates, particularly short-term interest rates, may immediately and significantly decrease our results of operations and cash flows and the market value of our investments. In addition, unless we enter into hedging or similar transactions with respect to the portion of our assets that we fund using our balance sheet, returns we achieve on such assets will generally increase as interest rates for those assets rise and decrease as interest rates for those assets decline.

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Prepayment rates may adversely affect the yield on our loans and other investments and the value of our portfolio of assets.

In periods of declining interest rates, prepayment rates on loans generally increase. If general interest rates decline at the same time, the proceeds of such prepayments received during such periods are likely to be reinvested by us in assets yielding less than the yields on the assets that were prepaid. In addition, the value of our assets may be affected by prepayment rates on loans. If we originate or acquire mortgage-related securities or a pool of mortgage securities, we anticipate that the underlying mortgages will prepay at a projected rate generating an expected yield. If we purchase assets at a premium to par value, when borrowers prepay their loans faster than expected, the corresponding prepayments on the mortgage-related securities may reduce the expected yield on such securities because we will have to amortize the related premium on an accelerated basis. Conversely, if we purchase assets at a discount to par value, when borrowers prepay their loans slower than expected, the decrease in corresponding prepayments on the mortgage-related securities may reduce the expected yield on such securities because we will not be able to accrete the related discount as quickly as originally anticipated. In addition, as a result of the risk of prepayment, the market value of the prepaid assets may benefit less than other fixed income securities from declining interest rates.

Prepayment rates on loans may be affected by a number of factors including, but not limited to, the then-current level of interest rates, the availability of mortgage credit, the relative economic vitality of the area in which the related properties are located, the servicing of the loans, possible changes in tax laws, other opportunities for investment, and other economic, social, geographic, demographic and legal factors and other factors beyond our control. Consequently, such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks.

The lack of liquidity in certain of our target assets may adversely affect our business.

The illiquidity of certain of our target assets may make it difficult for us to sell such investments if the need or desire arises. Certain target assets such as mortgages, B Notes, mezzanine and other loans (including participations) and preferred equity, in particular, are relatively illiquid investments due to their short life, their potential unsuitability for securitization and the greater difficulty of recovery in the event of a borrower s default. In addition, certain of our investments may become less liquid after our investment as a result of periods of delinquencies or defaults or turbulent market conditions, which may make it more difficult for us to dispose of such assets at advantageous times or in a timely manner. Moreover, many of the loans and securities we invest in will not be registered under the relevant securities laws, resulting in prohibitions against their transfer, sale, pledge or their disposition except in transactions that are exempt from registration requirements or are otherwise in accordance with such laws. As a result, we expect many of our investments will be illiquid, and if we are required to liquidate all or a portion of our portfolio quickly, for example as a result of margin calls, we may realize significantly less than the value at which we have previously recorded our investments. Further, we may face other restrictions on our ability to liquidate an investment to the extent that we or our Manager (and/or its affiliates) has or could be attributed as having material, non-public information regarding such business entity. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited, which could adversely affect our results of operations and financial condition.

Any distressed loans or investments we make, or loans and investments that later become distressed, may subject us to losses and other risks relating to bankruptcy proceedings.

While our loans and investments focus primarily on performing real estate related interests, our loans and investments may also include making distressed investments from time to time (e.g., investments in defaulted, out-of-favor or distressed bank loans and debt securities) or may involve investments that become non-performing following our

acquisition thereof. Certain of our investments may include properties that typically are highly leveraged, with significant burdens on cash flow and, therefore, involve a high degree of financial risk. During an economic downturn or recession, loans or securities of financially or operationally troubled borrowers

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or issuers are more likely to go into default than loans or securities of other borrowers or issuers. Loans or securities of financially or operationally troubled issuers are less liquid and more volatile than loans or securities of borrowers or issuers not experiencing such difficulties. The market prices of such securities are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected. Investment in the loans or securities of financially or operationally troubled borrowers or issuers involves a high degree of credit and market risk.

In certain limited cases (e.g., in connection with a workout, restructuring and/or foreclosing proceedings involving one or more of our investments), the success of our investment strategy with respect thereto will depend, in part, on our ability to effectuate loan modifications and/or restructure and improve the operations of our borrower entities. The activity of identifying and implementing successful restructuring programs and operating improvements entails a high degree of uncertainty. There can be no assurance that we will be able to identify and implement successful restructuring programs and improvements with respect to any distressed loans or investments we may have from time to time.

These financial difficulties may never be overcome and may cause borrower entities to become subject to bankruptcy or other similar administrative proceedings. There is a possibility that we may incur substantial or total losses on our investments and in certain circumstances, become subject to certain additional potential liabilities that may exceed the value of our original investment therein. For example, under certain circumstances, a lender that has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In any reorganization or liquidation proceeding relating to our investments, we may lose our entire investment, may be required to accept cash or securities with a value less than our original investment and/or may be required to accept different terms, including payment over an extended period of time. In addition, under certain circumstances, payments to us may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, bankruptcy laws and similar laws applicable to administrative proceedings may delay our ability to realize on collateral for loan positions held by us, may adversely affect the economic terms and priority of such loans through doctrines such as equitable subordination or may result in a restructuring of the debt through principles such as the cramdown provisions of the bankruptcy laws.

We may not have control over certain of our loans and investments.

Our ability to manage our portfolio of loans and investments may be limited by the form in which they are made. In certain situations, we may:

- acquire investments subject to rights of senior classes and servicers under intercreditor or servicing agreements;
- acquire only a minority and/or a non-controlling participation in an underlying investment;
- co-invest with others through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests; or

rely on independent third party management or servicing with respect to the management of an asset. Therefore, we may not be able to exercise control over all aspects of our loans or investments. Such financial assets may involve risks not present in investments where senior creditors, junior creditors, servicers or third parties controlling investors are not involved. Our rights to control the process following a borrower default may be subject to the rights of senior or junior creditors or servicers whose interests may not be aligned with ours. A partner or co-venturer may have financial difficulties resulting in a negative impact on such asset, may have economic or business interests or goals that are inconsistent with ours, or may be in a position to take action contrary to our investment objectives. In addition, we may, in certain circumstances, be liable for the actions of our partners or co-venturers.

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B Notes, mezzanine loans and other investments that are subordinated or otherwise junior in an issuer s capital structure and that involve privately negotiated structures will expose us to greater risk of loss.

We may from time to time originate or acquire B Notes, mezzanine loans and other investments that are subordinated or otherwise junior in an issuer s capital structure (such as preferred equity) and that involve privately negotiated structures. To the extent we invest in subordinated debt or mezzanine tranches of an entity s capital structure, such investments and our remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of holders of more senior tranches in the issuer s capital structure and, to the extent applicable, contractual intercreditor and/or participation agreement provisions. Significant losses related to such loans or investments could adversely affect our results of operations and financial condition.

As the terms of such loans and investments are subject to contractual relationships among lenders, co-lending agents and others, they can vary significantly in their structural characteristics and other risks. For example, the rights of holders of B Notes to control the process following a borrower default may vary from transaction to transaction. Further, B Notes typically are secured by a single property and accordingly reflect the risks associated with significant concentration.

Like B Notes, mezzanine loans are by their nature structurally subordinated to more senior property-level financings. If a borrower defaults on our mezzanine loan or on debt senior to our loan, or if the borrower is in bankruptcy, our mezzanine loan will be satisfied only after the property-level debt and other senior debt is paid in full. As a result, a partial loss in the value of the underlying collateral can result in a total loss of the value of the mezzanine loan. In addition, even if we are able to foreclose on the underlying collateral following a default on a mezzanine loan, we would be substituted for the defaulting borrower and, to the extent income generated on the underlying property is insufficient to meet outstanding debt obligations on the property, may need to commit substantial additional capital and/or deliver a replacement guarantee by a credit worthy entity, which could include us, to stabilize the property and prevent additional defaults to lenders with existing liens on the property.

Loans on properties in transition will involve a greater risk of loss than conventional mortgage loans.

We may invest in transitional loans to borrowers who are typically seeking short-term capital to be used in an acquisition or rehabilitation of a property. The typical borrower under a transitional loan has usually identified an undervalued asset that has been under-managed and/or is located in a recovering market. If the market in which the asset is located fails to improve according to the borrower s projections, or if the borrower fails to improve the quality of the asset s management and/or the value of the asset, the borrower may not receive a sufficient return on the asset to satisfy the transitional loan, and we bear the risk that we may not recover some or all of our investment.

In addition, borrowers usually use the proceeds of a conventional mortgage to repay a transitional loan. Transitional loans therefore are subject to risks of a borrower s inability to obtain permanent financing to repay the transitional loan. In the event of any default under transitional loans that may be held by us, we bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the transitional loan. To the extent we suffer such losses with respect to these transitional loans, it could adversely affect our results of operations and financial condition.

Risks of cost overruns and noncompletion of renovations of properties in transition may result in significant losses.

The renovation, refurbishment or expansion of a property by a borrower involves risks of cost overruns and noncompletion. Estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. Other risks may include rehabilitation costs

exceeding original estimates, possibly making a project uneconomical, environmental risks, delays in legal

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and other approvals (e.g., for condominiums) and rehabilitation and subsequent leasing of the property not being completed on schedule. If such renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged impairment of net operating income and may not be able to make payments on our investment on a timely basis or at all, which could result in significant losses.

There are increased risks involved with construction lending activities.

We may invest in loans which fund the construction of commercial properties. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors, including the difficulties in estimating construction costs and anticipating construction delays and, generally, the dependency on timely, successful completion and the lease-up and commencement of operations post-completion.

If a borrower fails to complete the construction of a project or experiences cost overruns, there could be adverse consequences associated with the loan, including a loss of the value of the property securing the loan, a borrower claim against us for failure to perform under the loan documents if we choose to stop funding, increased costs to the borrower that the borrower is unable to pay, a bankruptcy filing by the borrower, and abandonment by the borrower of the collateral for the loan.

Loans or investments involving international real estate-related assets are subject to special risks that we may not manage effectively, which would have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

We may invest a material portion of our capital in assets outside the United States if our Manager deems such investments appropriate in its discretion. To the extent that we invest in non-domestic real estate-related assets, we may be subject to certain risks associated with international investments generally, including, among others:

currency exchange matters, including fluctuations in currency exchange rates and costs associated with conversion of investment principal and income from one currency into another;

less developed or efficient financial markets than in the United States, which may lead to potential price volatility and relative illiquidity;

the burdens of complying with international regulatory requirements and prohibitions that differ between jurisdictions;

changes in laws or clarifications to existing laws that could impact our tax treaty positions, which could adversely impact the returns on our investments;

a less developed legal or regulatory environment, differences in the legal and regulatory environment or enhanced legal and regulatory compliance;

political hostility to investments by foreign investors;

higher rates of inflation;

higher transaction costs;

difficulty enforcing contractual obligations;

fewer investor protections;

certain economic and political risks, including potential exchange control regulations and restrictions on our non-U.S. investments and repatriation of profits on investments or of capital invested, the risks of political, economic or social instability, the possibility of expropriation or confiscatory taxation and adverse economic and political developments; and

potentially adverse tax consequences.

If any of the foregoing risks were to materialize, they could adversely affect our results of operations and financial condition.

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The ongoing Eurozone financial crisis may have an adverse effect on investments in Europe and could result in the exit of one or more member states from the Eurozone or a breakup of the Eurozone entirely, which creates uncertainty and could affect our investments directly.

A portion of our investments consists of assets secured by European collateral. The ongoing situation relating to the sovereign debt of several countries, including Greece, Ireland, Italy, Spain and Portugal, together with the risk of contagion to other more financially stable countries, has also raised a number of uncertainties regarding the stability and overall standing of the European Monetary Union. Any further deterioration in the global or Eurozone economy could have a significant adverse effect on our activities and the value of any European collateral.

The registration statement contains more information than this prospectus regarding us and the securities offered, including certain exhibits. You can obtain a copy of the registration statement from the SEC at any address listed above or from the SEC's Internet site.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our directors and officers are indemnified as provided by the Nevada Revised Statutes, our Articles of Incorporation and our Bylaws.

We have been advised that, in the opinion of the Securities and Exchange Commission, indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of our legal counsel the matter has been settled by controlling precedent, submit the question of whether such indemnification is against public policy to a court of appropriate jurisdiction. We will then be governed by the court's decision.

ORGANIZATION WITHIN LAST FIVE YEARS

Incorporation

We were incorporated under the laws of the State of Nevada as Braden Technologies, Inc. on February 17, 1999. We have been engaged in the acquisition and exploration of mineral properties since our inception.

Share Split

We completed a four-for-one split of our common stock effective March 10, 2004. As a result of this stock-split, our authorized capital increased from 25,000,000 shares to 100,000,000 shares of common stock. Concurrent with our stock split, the number of our issued and outstanding shares increased from 2,850,000 shares to 11,400,000 shares.

Acquisition of Lincoln Gold

We completed the acquisition of Lincoln Gold Corp., (Lincoln Gold) a Nevada corporation effective March 26, 2004. This acquisition was completed by our acquisition of all of the issued and outstanding shares of Lincoln Gold from the former shareholders of Lincoln Gold. On closing of the acquisition, we issued 24,000,000 shares of our common stock to the shareholders of Lincoln Gold. As a result of this issuance, the number of our issued and outstanding shares

increased from 11,400,000 shares to 35,400,000 shares, of which approximately 67.80% was owned by the former shareholders of Lincoln Gold upon the completion of the acquisition.

Merger with Lincoln Gold

Subsequent to our acquisition of Lincoln Gold, we merged with Lincoln Gold in a parent/ subsidiary merger in April 2004 under Chapter 92A of the Nevada Revised Statutes. We completed the change of our name from Braden Technologies Inc. to Lincoln Gold Corporation as part of this merger process.

DESCRIPTION OF BUSINESS

FORWARD-LOOKING STATEMENTS

The information in this prospectus 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 , believe , e potential or continue , the negative of such terms or other comparable terminology. Actual events or 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.

CORPORATE ORGANIZATION

Incorporation

We were incorporated under the laws of the State of Nevada as Braden Technologies, Inc. on February 17, 1999. We have been engaged in the acquisition, exploration and development of mineral properties since our inception.

OVERVIEW

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

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 claims 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 exploration of these claims. 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.

There is no assurance that a commercially viable mineral deposit exists on any of our mineral properties. Further 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.

MINERAL PROPERTIES AND PLAN OF OPERATIONS

We hold interests in five groups of mineral properties, with four properties located in Nevada and one property located in Mexico, as described below:

Name of Property	Location
Buffalo Valley Property	Humboldt, Lander & Pershing Counties, Nevada
Hannah Property	Churchill County, Nevada
JDS Property	Eureka County, Nevada
Jenny Hill Property	Mineral & NYE Counties, Nevada
La Bufa	Mexico

Our plan of operations is to carry out exploration of our mineral properties. 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 the section of this prospectus entitled Description of Properties. All of our exploration programs are preliminary in nature in that their completion will not result in a determination that any of our properties contains commercially exploitable quantities of mineralization.

Our exploration programs will be directed by our management and will be supervised by Mr. Jeff Wilson, our vice-president of exploration. We will engage contractors to carry out our exploration programs under Mr. Wilson s supervision. Contractors that we plan to engage include project geologists, geochemical sampling crews and drilling companies, each according the specific exploration program on each property. Our budgets for our exploration programs are set forth in the section of this prospectus entitled Description of Properties. We plan to solicit bids from drilling companies prior to selecting any drilling company to complete a drilling program. We anticipate paying normal industry rates for reverse-circulation drilling.

We plan to complete our exploration programs within the periods specified in the section of this prospectus entitled Description of Properties. Key factors that could delay completion of our exploration programs beyond the projected timeframes include the following.

(a) Poor availability of drill rigs due to high demand in Nevada and Mexico;
(b) Delays caused by permitting and bonding with the US Bureau of Land Management with respect to drilling programs;
(c) Our inability to identify a joint venture partner and conclude a joint venture agreement where we anticipate a joint venture will be required due to the high costs of a drilling program;
(d) Adverse weather, including heavy snow; and
(e) Our inability to obtain sufficient funding.

Key factors that could cause our exploration costs to be greater than anticipated include the following:

(a) adverse drilling conditions, including caving ground, lost circulation, the presence of artesian water, stuck drill steel and adverse weather precluding drill site access;
(b) increased costs for contract geologists and geochemical sampling crews due to increased in demand in Nevada; and
(c) increased drill rig and crew rental costs due to high demand in Nevada and Mexico.

Our board of directors will make determinations as whether to proceed with the additional exploration of our Nevada and Mexico mineral properties based on the results of the preliminary exploration that we undertake. In completing these determinations, we will make an assessment as to whether the results of the preliminary exploration are sufficiently positive to enable us to achieve the financing that would be necessary for us to proceed with more advanced exploration.

We may consider entering into joint venture arrangements on several of our mineral properties, as noted in the section of this prospectus entitled Description of Properties , to provide the required funding to pursue drilling and advanced 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. The assignment of the interest would be conditional upon contribution by the joint venture partner of capital to enable the advanced exploration on the mineral properties to proceed. We are presently in the process of attempting to locate a joint venture partner for our mineral claims, but we have not concluded any joint venture agreements to date. 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.

We plan to continue exploration of our mineral claims for so long as the results of the geological exploration that we complete indicate the further exploration of our mineral claims is recommended and we are able to obtain the

additional financing necessary to enable us to continue exploration. We have renewed all of our Nevada mineral claims by making the required filings with the Bureau of Land Management by September 1, 2005. We further plan to renew all of our mineral claims by making the required filings with the Bureau of Land Management by September 1, 2006 except where we determine to abandon exploration of any mineral claim prior to September 1, 2006. All exploration activities on our mineral claims are presently preliminary exploration activities. Advanced exploration activities, including the completion of comprehensive drilling programs, will be necessary before we are able to complete any feasibility studies on any of our mineral properties. If our exploration activities result in an indication that our mineral claims contain potentially commercial exploitable quantities of gold, then we would attempt to complete feasibility studies on our property to assess whether commercial exploitation of the property would be commercially feasible. There is no assurance that commercial exploitation of our mineral claims would be commercially feasible even if our initial exploration programs show evidence of gold mineralization.

If we determine not to proceed with further exploration of any of our mineral claims due to results from geological exploration that indicate that further exploration is not recommended or due to our lack of financing, we will attempt to acquire additional interests in new mineral resource properties. Due to our limited finances, there is no assurance that we would be able to acquire an interest in a new property that merits further exploration. If we were to acquire an interest in a new property, then our plan would be to conduct resource exploration of the new property. In any event, we anticipate that our acquisition of a new property and any exploration activities that we would undertake will be subject to our achieving additional financing, of which there is no assurance.

PRIOR EXPLORATION ACTIVITIES

A summary of our exploration activities on properties that have been discontinued prior to January 1, 2005 is included in our Annual Report on Form 10-KSB for the year ended December 31, 2004.

Lincoln Flat Property

We previously held an option to acquire a 100% interest in the claims comprising the Lincoln Flat project, subject to a net smelter royalty, pursuant an option agreement dated December 24, 2003 between us and Larry and Susan McIntosh of Gardnerville, Nevada, as optionors. The Lincoln Flat property is comprised of twenty-seven (27) unpatented lode claims covering approximately 540 acres (0.84 sq miles) in Lyon and Douglas Counties Nevada. We had the option to acquire a 100% interest in the Lincoln Flat property by making aggregate payments to the optionors in the amount of $210,000.

We commenced field exploration work on the Lincoln Flat property during the first quarter of 2005 with the objective of further exploring a gold-hematite breccia target and a fracture-controlled gold porphyry target. This field work included a soil sampling and rock-chip sampling program.

We submitted a Notice of Intent to Operate and Reclamation Bond to the U.S. Bureau of Land Management with the objective of drill testing the two target areas in June 2005. Permitting was approved by the U.S. Bureau of Reclamation. We drilled nine reverse-circulation drill holes during the summer of 2005 for a total footage of 5,145 ft. Drilling was conducted to test various gold soil anomalies and geologic targets. While scattered intercepts of gold were encountered, the results did not meet our expectations. As a result, we terminated the option agreement and the property has been returned to the owner. We have no further liabilities or obligations with respect to either the Lincoln Flat Project or the option agreement other than to complete approximately $15,000 of reclamation work relating to the drilling that we completed. This reclamation work is required under our drilling permit.

New Opportunities

During 2005, we continued to review new prospective gold exploration opportunities in Nevada, Utah, Arizona, California, and Mexico. We plan to continue to review new opportunities on a case-by-case basis.

COMPETITION

We are a junior mineral resource exploration company. We compete with other mineral resource exploration companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration companies with whom we compete have greater financial and technical resources than those available to us. Accordingly, these competitors may be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford more geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who

may finance additional exploration and development. This competition could adversely impact on our ability to achieve the financing necessary for us to conduct further exploration of our mineral properties.

We will also compete with other junior mineral exploration companies for financing from a limited number of investors that are prepared to make investments in junior mineral exploration companies. The presence of competing junior mineral exploration companies may impact on our ability to raise additional capital in order to fund our exploration programs if investors are of the view that investments in competitors are more attractive based on the merit of the mineral properties under investigation and the price of the investment offered to investors.

We will also compete with other junior and senior mineral companies for available resources, including, but not limited to, professional geologists, camp staff, helicopter or float planes, mineral exploration supplies and drill rigs.

GOVERNMENT REGULATIONS

We will be required to obtain work permits from the United States Bureau of Land Management (BLM) for any exploration work on our Nevada mineral properties that results in a physical disturbance to the land. We will not be required to obtain a work permit for any phase of our proposed mineral exploration programs that does not involve any physical disturbance to the mineral claims, such as data compilation, field work and geochemical surveys. We will be required to obtain work permits for all drilling operations that we plan to conduct on our mineral properties. Prior to commencing drilling operations on any of our properties, we must submit a Notice of Intent to Operate to the BLM and post a bond as security for our obligation to complete reclamation activities. We will be required by the Bureau of Land Management to undertake remediation work on any work that results in physical disturbance to the mineral claims, including drilling programs. We estimate that the cost of remediation work for our drilling programs will be approximately $25,000 for each drilling program. The estimated amount of remediation work is included within our budgets for our exploration programs. The actual amount of reclamation cost will vary according to the degree of physical disturbance.

We have made all current Bureau of Land Management filings for our Nevada properties. All claims are in good standing until September 1, 2006. Applicable county fees have also been paid.

The La Bufa property is an exploration concession granted by a branch of the Mexican government and is for a three year term. Thereafter, the La Bufa property may be converted into an exploitation concession that would have a term of fifty years. The La Bufa property is presently beginning the second year of the tem of its exploration concession. An annual fee of $1.25 pesos per hectare is due to the Mexican federal government. The net area of the La Bufa exploration concession is 1040.75 hectares, thereby requiring an annual payment of $1300.94 pesos.

RESEARCH AND DEVELOPMENT EXPENDITURES

We have not spent any amounts on research and development activities since our inception. Our planned expenditures on our exploration programs are summarized under the section of this prospectus entitled Description of Properties.

EMPLOYEES

We have two employees, namely Paul Saxton, our chief executive officer and chief financial officer, and Jeffrey Wilson, our vice-president of exploration. We carry out our exploration programs through contracts with third parties, including geologists, engineers, drilling companies.

SUBSIDIARIES

We do not have any subsidiaries.

DESCRIPTION OF PROPERTIES

We maintain our head office located at Suite 350 885 Dunsmuir Street, Vancouver, B.C., V6C 1N5. These premises are located at the business premises of our president, Mr. Paul Saxton. We pay a proportionate share of rent and administrative expenses associated with these premises.

Our operations office is located at 325 Tahoe Drive, Carson City, Nevada, 89703. Our operations office is located in the home of Mr. Jeff Wilson, our vice-president of exploration. These premises are provided by Mr. Wilson at no cost to us.

Our current four groups of mineral properties located in the State of Nevada are described below:

BUFFALO VALLEY PROPERTY

1. Location and Access

The Buffalo Valley property is located in north-central Nevada, approximately 25 miles west of the small town of Battle Mountain, Nevada in Humboldt, Lander, and Pershing Counties. Access is good via US Interstate 80 to the north and numerous dirt and gravel ranch and mine roads. A map showing the location of and access to the Buffalo Valley property is presented below:

2. Ownership Interest

We have acquired a twenty year lease of the two hundred sixty-eight (268) unpatented lode claims that comprise the Buffalo Valley Property. We acquired our lease pursuant to a mining lease agreement dated July 9, 2004 between us and Nevada North Resources (U.S.A.), Inc., the underlying owner of the property (Nevada North). We paid to $10,000 to Nevada North upon execution of the lease agreement. We are obligated to make the following advance minimum royalty payments to Nevada North in order to maintain our leasehold interest in the Buffalo Valley Property:

Date of Payment	Amount of Advance Minimum Royalty

July 9, 2005 (payment made)	$20,000
July 9, 2006	$20,000
July 9, 2007	$40,000

Date of Payment	Amount of Advance Minimum Royalty
July 9, 2008	$40,000
July 9, 2009	$50,000
July 9, 2010	$50,000
July 9, 2011	$60,000
July 9, 2012	$60,000
July 9, 2013	$70,000
July 9, 2014	$70,000
Each Subsequent Anniversary	$80,000, subject to adjustment for inflation increases with the beginning index being the index published for April 2015

We have committed to a two year option on the claims made up of the initial payment and the first year anniversary payment. Thereafter, Nevada North will be entitled to terminate if we do not make any subsequent payment. We will not be responsible or liable for advance royalty payments due subsequent to termination or expiration of the lease agreement.

In addition, we are obligated to pay to Nevada North a net smelter return (NSR) equal to a percentage of Net Revenue as defined and calculated under the lease agreement as follows:

Price of Gold	Amount of NSR, as a percentage of Net Revenue
$375 or less per ounce	3.0%
More than $375 but less than $474 per ounce	4.0%
$474 or more per ounce	5.0%

The initial term of the lease is twenty years from July 9, 2004, subject to our making the required payments to Nevada North. The term of the lease will remain in effect thereafter for so long as mining, processing, construction of mine facilities, development or ore reserves or exploration activities continue on the Buffalo Valley Property or adjacent properties that we own or control.

The lease agreement entitles us to carry out mineral exploration of the Buffalo Valley Property during the term of the lease. We are obligated to pay for all Bureau of Land Management and county maintenance fees required in order to maintain the claims comprising the Buffalo Valley Property during the term of the lease. We do not have any minimum work or exploration requirements under the lease.

We completed the $20,000 payment due pursuant to our lease agreement for the Buffalo Valley property to Nevada North Resources (U.S.A.), Inc. prior to the first anniversary, as required by the agreement. We have also paid all current BLM and County fees in the amount of $35,866.50 that were required by October 1, 2006. We are not obligated to complete any exploration expenditures in order to maintain our lease interest in the Buffalo Valley property.

3. History of Operations

The Buffalo Valley Property and adjacent areas have been explored over the past 10 years by Uranerz, Cameco, Nevada North, Homestake, Anglo Gold, and Newcrest. Geophysical work and some drilling were conducted by

Uranerz/Cameco and Anglo Gold and perhaps others. Under Homestake s control, exploration of the property was advanced by assimilating the large data base and defining three shear zone targets along the Buffalo Valley axial fault. The targets were never drilled because Barrick bought out Homestake and the property was returned to Nevada North.

The most comprehensive geological report in our possession is an exploration drilling proposal prepared for Homestake which recommended the drilling of 10 exploration holes with attending budget. The drilling program

was approved by Homestake s senior management but the holes were never drilled due to the acquisition of Homestake Mining by Barrick.

We also have obtained several CD disks containing geological and geophysical data, including important information from Anglo Gold. We are in the process of organizing and evaluating this information.

4. Present Condition of the Property and Proposed Exploration Program

The Buffalo Valley Property is in the early stage of exploration and presently contains no known gold or silver resources. There is no plant or equipment on the Buffalo Valley Property. The property consists of barren land with no improvements.

We executed a letter to intent to joint venture the Buffalo Valley Property with Agnico-Eagle (USA) Ltd., effective July 26, 2005. Under the terms of the letter agreement, Agnico-Eagle is obligated to keep the property in good standing with the BLM and local Counties and to make the underlying payments to the Owner, Nevada North Resources (USA), Inc. Upon completing US$3.0 million in work expenditures on the Property, Agnico-Eagle will have earned a 60% interest in the property and a joint venture will be formed. Agnico-Eagle will then have 180 days to elect to earn an additional 10% by preparing and presenting to the Company a feasibility study for the development of a mine on the property. On completion of the feasibility study, Agnico-Eagle will have earned a 70% interest in the property. If the joint venture decides to develop a mine, Agnico-Eagle may loan or help arrange financing for our portion of the required capital in consideration of an additional 5% interest in the joint venture. Exercise of this option would result in Agnico-Eagle holding 75% and us holding 25% of the joint venture. If Agnico-Eagle elects to drop the Property before June 1 in any given year, the lease payment obligations and government claim holding costs shall revert back to us.

The current exploration plans for the Buffalo Valley Property is set forth below. All work will be conducted by Agnico-Eagle and the Company will have no involvement in any exploration contractual work. Our vice-president of exploration will monitor all work completed by Agnico-Eagle.

Stage of Exploration	Anticipated Timetable for Completion	Estimated Cost of Completion
Possible geophysical programs.	First quarter of 2006 through the second quarter of 2006	$1,500
Phase one exploration drilling on structural intersections with magnetica lows and evaluation of exploration data	First quarter of 2006 through the fourth quarter of 2006	$250,000

It is possible that Agnico-Eagle will complete their phase one drilling and data evaluation and return the property to us prior to June 1, 2006. If so, we would be obligated to make the annual claim maintenance payments to the BLM and local Counties to keep the property in good standing.

Agnico-Eagle will be required to submit a Notice of Intent to Operate plus post a Reclamation Bond (est. $25,000 cash bond) prior to undertaking any drilling on the Buffalo Valley property.

5. Geology

The Buffalo Valley Property lies within the northern portion of the Battle Mountain-Eureka Gold Trend in the broad, north-northeast-trending Buffalo Valley. Although much of the bedrock in Buffalo Valley is concealed by alluvium,

past exploration drilling has revealed favourable stratigraphy for Carlin-type, Cove-type and skarn deposits containing gold and silver mineralization beneath valley fill. Potential host rocks above the Golconda Thrust include the Triassic Star Peak Group (Cove host) and the Carboniferous Havallah Sequence (partial Lone Tree host; Converse host). Host rocks beneath the Golconda Thrust are the Penn-Permian Antler Sequence (Lone Tree & Marigold hosts). District ore controls appear to be north-trending faults, favourable stratigraphy, and +/- 41-39 million year old intrusive rocks. Geophysical interpretations indicate that a swarm of north-trending faults are present within the claims controlled by us. Gossanous alteration and elevated pathfinder elements have been encountered on the property in past drilling. Targets in covered areas are typically defined by intersecting structures and magnetic lows.

HANNAH PROPERTY, CHURCHILL COUNTY, NEVADA

1. Location and Access

The Hannah Property is located approximately 55 miles east of Reno, Nevada in the southern portion of the Trinity Range north of Interstate 80 in Churchill County. Access is east from Reno via Interstate 80 and then north on gravel and dirt roads from Hot Springs Flat to the Property. A map showing the location of and access to the Hannah property is presented below:

2. Ownership Interest

The Hannah property is comprised of twenty-three (23) unpatented lode claims covering approximately 460 acres (0.72 sq. miles) in Churchill County, Nevada.

We have an option to acquire a 100% interest in the claims comprising the Hannah project, subject to a net smelter royalty, pursuant to an option agreement dated December 24, 2003 between us and Larry and Susan McIntosh of Gardnerville, Nevada, as optionors. We have the option to acquire a 100% interest in the Hannah property by making aggregate payments to the optionors in the amount of $210,000. We may exercise this option at any time prior to the ten year anniversary of the effective date of the agreement, being December 24, 2013. We are obligated to make the following option payments in order to maintain our option agreement in good standing:

Date of Payment	Amount of Option Payment
December 24, 2003	$5,000 (paid)
January 10, 2005	$5,000 (paid)

Date of Payment	Amount of Option Payment
January 10, 2006	$10,000 (paid)
January 10, 2007	$15,000
January 10, 2008	$25,000
January 10, 2009	$25,000
January 10, 2010	$25,000
January 10, 2011	$25,000
January 10, 2012	$25,000
January 10, 2013	$50,000

We will be deemed to have exercised the option upon completion of the above option payments at which time we will be entitled to a 100% interest in the Hannah property, subject to the payment of a net smelter royalty to the optionors. The net smelter royalty will be calculated as 3% of net smelter returns, as defined in the option agreement, if the price of gold is less than or equal to $400 per ounce, and 4% of net smelter returns if the price of gold is greater than $400 per ounce. If we exercise the option, we will have the right to reduce the net smelter royalty by 1%, up to a maximum of 2%, upon the payment of $500,000 to the optionors for each 1% of reduction as set out in the table below:

Gold Price (US$ per ounce)	**Net Smelter Royalty payable on execution of the Agreement**	**Net Smelter Royalty payable after first payment of $500,000**	**Net Smelter Royalty payable after second payment of $500,000**
Less than or equal to $400	3%	2%	1%
Greater than $400	4%	3%	2%

If we complete a positive feasibility study for the development or mining of mineral products on the Hannah property and obtains all government approvals, consents, licenses and permits to construct, develop or operate a mine on the Hannah property prior to January 10, 2013, we will be obligated purchase the Hannah property prior to the commencement of mining of mineral products. In this event, the purchase price for the Hannah property shall be the sum of all unpaid option payments due to the optionors through January 10, 2013.

We have the exclusive right to conduct exploration on the Hannah property during the term of the option agreement, provided that we make the required option payments. We are obligated to make all federal and county claim maintenance fees in a timely manner to keep the claims in good standing during the term of the option agreement. In the event that we do not make any required option payment, then the optionors will be entitled to terminate the agreement and we will lose our interest in the property. However, we will not have any obligation to make further option payments in the event of termination due our inability to make any required option payment. We may surrender our interest in the property and terminate the agreement at our election upon written notice to the optionors. In this event, the optionors will retain all option payments paid pursuant to the agreement.

We have paid $3,074.50 for BLM and County annual claim maintenance fees that were required to be paid by October 1, 2005. We will be required pay approximately $3,075 for BLM and County annual claim maintenance fees by September 1, 2006. We are not obligated to complete any minimum exploration expenditures or other work commitment in order to maintain our option on the Hannah property.

3. History of Operations

Various old shafts, adits, and numerous small prospects are on the Hannah Property from prospecting in the early 1900 s. Cominco was active in the general area in the 1960 s and Chevron drilled three scattered holes on the claim block in the 1980 s. None of Chevron s holes tested the Hannah gold target. Four backhoe trenches were dug by Cordex in the late 1990 s, however no follow-up work was conducted. NDT Ventures held the property in 2002 but conducted no significant work. A total of 50 soil samples and 329 rock-chip samples have been collected from the property and assayed.

4. Present Condition of the Property and Current State of Exploration

The Hannah Property is in the early stage of exploration and presently contains no known gold or silver resources. Our current state of exploration consists of geologic mapping and sampling.

There is no plant or equipment on the Hannah Property other than some scattered remnants of past prospecting. The property consists of barren land with no improvements with the exception of dirt roads.

We have no formal geologic reports on the Hannah Property. However, we do have all past soil and rock-chip sample results plus preliminary maps from geologic mapping.

We commenced field exploration work on our Hannah property during the first quarter of 2005. The field work included obtaining soil samples as part of a soil sampling program. Results from 132 new soil samples were combined with results from 50 previous samples to define a conspicuous soil gold anomaly approximately 3000 feet in length and locally over 500 feet in width. We believed that this identified anomaly warrants more advanced exploration. As a result, we submitted a Notice of Intent to Operate and a Reclamation Bond for drilling 10 exploration holes to the U.S. Bureau of Land Management (the BLM). The BLM approved our submission and we commenced track-mounted, reverse-circulation drilling on identified gold geochemical targets in May. This drilling program was completed in early June. Eleven (11) holes were completed for a total footage of 4,815 ft. Two holes, H-11 and H-1, encountered encouraging gold-silver mineralization in the western portion of the target area. Although strong alteration was encountered elsewhere to the east, the remaining holes were barren.

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, as described above.

Our plan of exploration for the Hannah Property is as follows:

Description of Phase of Exploration	Description of Exploration Work Required
Pediment Electromagnetic Survey	Conduct geophysical survey in pediment covered area west of mineralized breccia to identify the trace of target zone.
Phase 2 Exploration Drilling	Drill ten shallow reverse-circulation drill holes to test the breccia zone and possible extensions under pediment gravels. Estimate 4000 ft of drilling.
Bottle-Roll Metallurgical Tests	Conduct several bottle-roll metallurgical tests conducted on as received drill cuttings from mineralized zones.
Data Evaluation	Evaluate drilling and metallurgical 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
Pediment Electromagnetic Survey	3rd Qtr	$20,000
Phase 2 Exploration Drilling	3rd Qtr	$130,000
Bottle-Roll Metallurgical Tests	3rd Qtr	$1,500

Data Evaluation	4th Qtr	$7,500

All work will be conducted on our behalf by contractors who will anticipate will include a project geologist, Zonge Geoscience for the electro-magnetic survey, a local bulldozer operator for site preparation and reclamation, and a drilling company. Cost estimate for a contract geologist is $375 per day plus travel expenses. No contracts have been let. Normal industry rates are expected for the geophysical survey, site preparation and reclamation, and reverse-circulation drilling. The program will be supervised by our vice-president of exploration.

In addition, we will continue our efforts to locate a joint venture partner to share the costs of exploration of the Hannah Property.

5. Geology

The Hannah Property lies in exotic metamorphic terrain comprised of Triassic metavolcanics and various Tertiary intrusive rocks and lakebeds (no formation names). A highly oxidized, gold-bearing shear zone cuts the metavolcanics and extends in an east-west direction across the southern portion of the claim block. The trace of the fault zone is uncertain but it is believed to dip to the north and may be up to 100 ft in thickness. The fault is locally exposed as a conspicuous, iron-stained, bleached breccia zone that extends to the west under pediment gravels.

JDS PROPERTY, EUREKA COUNTY, NEVADA

1. Location and Access

The JDS property is located in central Nevada, approximately 40 miles northwest of the small town of Eureka in Eureka County. The property is in Denay Valley adjacent to the northern end of the Simpson Park Mountains. Access is fair to good during good weather via the Tonkin Road (dirt/gravel) that traverses through the property. A map showing the location of and access to the JDS property is presented below:

2. Ownership Interest

We are the owner of the seventy-seven (77) unpatented lode claims comprising the JDS project which covers approximately 1,540 acres (2.04 sq miles). We staked and recorded the mineral claims. These mineral claims are registered in our name and are not subject to underlying lease payments or royalties. The JDS property is subject only to annual claim maintenance fees payable to the BLM and Eureka County. We must pay approximately $12,500 in BLM and Eureka County annual claim maintenance fees by September 1, 2006 in order to maintain our interest in these properties.

3. History of Operations

There have been no previous operations of any type on the property.

4. Present Condition of the Property and Current State of Exploration

No significant exploration has been conducted on the JDS Property. The property is in early stage exploration and presently contains no known gold resources.

There is no plant or equipment on the JDS Property. The property consists of barren land with no improvements.

We have one geologic report on the JDS Property that was written by Kenneth D. Cunningham, Wyoming Professional Geologist PG-1636, and dated February 9, 2004. The report reviews the potential for Carlin-type gold deposits on the JDS Property.

During the first quarter of 2005, we interpreted newly acquired geophysical data that corroborated the presence of a possible large intrusive body or dike swarm along the north-western perimeter of the claim block. We believe that this is a favorable geologic environment for gold mineralization.

During 2005, we conducted a mercury soil gas survey across the northwest portion of the JDS Property. The survey consisted of 240 samples in eight lines with 50-meter sample stations. A strong soil gas anomaly was identified. Subsequently, a detail gravity line was surveyed across the soil gas anomaly area. The gravity data revealed a conspicuous structural bedrock platform buried under gravels. Regional gravity interpretations indicate intersecting faults in the subsurface platform.

Based on the results of this geological survey, we plan to complete a drilling program on the JDS Property.

Our plan of exploration for the JDS Property is as follows:

Description of Phase of Exploration	Description of Exploration Work Required
Phase 1 Drilling	Drill three reverse-soil gas circulation holes to test the mercury anomaly. Estimated total footage: 3,000 to 4,000 ft
Data Evaluation	Evaluate drill data

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

Stage of Exploration	Anticipated Timetable for Completion	Estimated Cost of Completion
Phase 1 Drilling	Second and third quarter of 2006	$150,000
Data Evaluation	Third quarter of 2006	$7,000

All work will be conducted on our behalf by contractors who will include a project geologist and a drilling company. Cost estimate for a contract geologist is $375 per day plus travel expenses. To date, no bids have been solicited from drilling companies; normal industry rates are expected for reverse-circulation drilling. The program will be supervised by our vice-president of exploration.

We plan to seek a joint venture partner to help finance further exploration of the property, including the contemplated drilling program described above. There is no assurance that we will be able to locate a joint venture partner to fund

the contemplated drilling program on the JDS property. If we are unable to enter into any joint venture arrangement, then we will proceed with the drilling program provided we have sufficient funding.

5. Geology

The JDS Property lies within the Cortez Trend in the southern portion of the Battle Mountain-Eureka Mineral Belt. Although covered by valley fill, the geology of the JDS Property is believed to be an extension of favourable lower

plate rocks of the Roberts Mountains Thrust that are known to host large Carlin-type gold deposits. Potential Devonian host rocks are exposed in the nearby Simpson Park Mountains and are believed concealed under shallow cover at JDS. Similar Devonian strata host very large gold deposits at Pipeline and Cortez to the northwest of the JDS Property. Available gravity data at JDS suggest shallow depth to bedrock and north-trending faults that converge in the northwestern portion of the claim block. The combination of favourable lower plate bedrock and converging faults indicate exploration potential for Carlin-type gold deposit(s). A strong mercury soil gas anomaly has also been identified in the northwest portion of the JDS Property.

JENNY HILL PROPERTY, MINERAL & NYE COUNTIES, NEVADA

1. Location and Access

The Jenny Hill Property is located in west-central Nevada approximately 16 miles due west of the small town of Gabbs in the Black Hills portion of the southern Monte Cristo Mountains. The claims are in Mineral and Nye Counties. Access to the property is via paved State Highway 361 south of Gabbs to the Rawhide Road (dirt) that extends westerly to the vicinity of the southern tip of the Black Hills. A map showing the location of and access to the Jenny Hill property is presented below:

2. Ownership Interest

The Jenny Hill project is comprised of ninety-seven (97) unpatented lode claims covering approximately 1,940 acres (3.03 sq miles) in Mineral and Nye Counties, Nevada. These mineral claims are held by us subject a lease with option to purchase agreement dated September 28, 2004 between us and Larry and Susan McIntosh of Gardnerville, Nevada. The Agreement is a binding letter agreement that governs pending the execution of a definitive agreement. We are presently negotiating a definitive mining lease with option to purchase agreement with the owners, as contemplated in

the letter agreement.

We have the option to acquire a 100% interest in the Jenny Hill project, subject to a net smelter royalty, by making aggregate payments to the owners in the amount of $1,500,000. We may exercise this option at any time prior to

the seven year anniversary of the effective date of the agreement, being September 28, 2011. We are obligated to make the following required advance royalty payments, each of which may be credited towards the exercise price of the option, pending the exercise of option as lease payments:

Date of Payment	Amount of Advance Royalty Payment
September 28, 2004	$7,000 (paid)
September 28, 2004	$13,000 (paid)
September 28, 2005	$25,000 (paid)
September 28, 2006	$30,000
September 28, 2007	$60,000
September 28, 2008	$70,000
September 28, 2009	$80,000
September 28, 2010	$90,000
September 28, 2011	$1,125,000

We are obligated to complete exploration work on the property in the minimum amount of $50,000 by September 28, 2005 and $100,000 in each successive year of the term of the agreement. We have completed the initial $50,000 of exploration work that was required to be completed by September 28, 2005. We are also obligated to make all federal and county claim maintenance fees in a timely manner to keep the claims in good standing.

We have the exclusive right to conduct exploration on the Jenny Hill property, provided that we make the required advance royalty payments and complete the required exploration expenditures. In the event that we do not make the required advance royalty payments or complete the required exploration expenditures, then the owners will be entitled to terminate the agreement and we will lose our interest in the property. However, we will not have any obligation to make further advance royalty payments or payments in lieu of exploration expenditures in the event of termination due our inability to make the required advance royalty payments or complete the required exploration expenditures. We may surrender our interest in the property and terminate the agreement at our election upon written notice to the owners. In this event, the owners will retain all payments and royalties paid pursuant to the agreement.

In the event that mineral production is commenced on the property, we will be obligated to pay to the owners a 2% net smelter return royalty. The definition of net smelter returns is to be agreed upon in the definitive agreement. We have the right of first refusal to purchase any interest in the property should the owners determine to sell any interest in the property. The owners have also granted to us an area of interest of approximately 1 mile surrounding the Jenny Hill claims. Under this right, any additional mineral claims acquired by the owners that are contiguous or within one mile of the Jenny Hill claims will be subject to our lease and option to purchase agreement.

We are presently proceeding with the preparation of a final definitive agreement between ourselves and the owners which will supersede the September 28, 2005 letter agreement. We have agreed to pay 50% of attorney fees for preparation of this final agreement. We anticipate that the agreement will be completed during the second quarter of 2005.

We completed the payment of $12,983 for BLM and County annual claim maintenance fees that were required to be paid by September 1, 2005. In addition, we must pay $30,000 to the owners and complete at least $100,000 in exploration work on the Property by September 28, 2006.

We executed a letter of intent to joint venture the Jenny Hill property with Kinross Gold Corporation on December 9, 2005. Under the terms of the letter agreement, Kinross is obligated to keep the property in good standing with the

BLM and local counties and will make the underlying payments to the owner. Upon completing $3.0 million in work expenditures on the property, Kinross will have earned a 60% interest in the property and a joint venture will be formed between us and Kinross. At Kinross discretion, Kinross may earn an additional 10% interest by producing a feasibility study on the project. Upon the joint venture reaching a positive construction decision for a mine, Kinross will have the option earn an additional 5% interest by arranging financing instruments on our behalf. Kinross may earn a total interest of 75% in the Property, in which event we would hold a 25% interest. If Kinross elects to drop the property before July 1 in any given year, the lease payment obligations and government claim holding costs shall revert back to us.

3. History of Operations

There are abundant old gold workings and prospect pits on the Jenny Hill property and remnants of a small mill in the Black Hills dating back to the 1880 s. Minor gold production also came from the Black Hills by local prospectors in the 1960 s. Comaplex Minerals and NDT Ventures were independently active on the southern portion of the claim block in 2000-2004. To date, 303 soil samples and 377 rock-chip samples have been collected and analyzed yielding conspicuous gold. Comaplex Minerals completed 39.14 line miles of ground magnetometer survey (contractor Zonge Geosciences, Inc.) on the southern portion of the claim block. We acquired our interest in the Jenny Hill Property in October 2004.

4. Present Condition of the Property and Current State of Exploration

The Jenny Hill Property is in the early stage of exploration and presently contains no known gold or silver resources. Our current state of exploration consists of geologic mapping and sampling.

There is no plant or equipment on the Jenny Hill Property other than some scattered remnants of past prospecting and mining activities in the Black Hills. The property consists of barren land with no improvements other than a well-maintained county dirt road.

Jenny Hill is an early-stage exploration property. There are no formal geologic reports available at this time. However, we do have copies of all past soil and rock-chip sampling data including maps and results. Most sample analyses were conducted by ALS Chemex. We also have access to the ground magnetometer survey report by Zonge Geosciences, Inc. that was conducted on behalf of Comaplex Minerals.

We staked eighty-five (85) new lode claims during the first quarter of 2005 in order to expand the Jenny Hill property to cover additional property that we believe is prospective for gold exploration. We now control 182 contiguous lode claims that cover approximately 3,640 acres. We initiated limited field exploration work during our first quarter of 2005 which consisted largely of reconnaissance sampling on the newly acquired ground and detail geologic mapping and sampling in the northern portion of the claim block.

We initiated a large, GPS-based, ground magnetometer survey in late April 2005. The survey was completed by a Reno-based geophysical contractor in early May. The survey was conducted to help identify structures related to mineralization and skarn. The magnetometer lines were combined with a previous survey (same contractor) for a total of 68 lines on approximately 100 meter spacing for a total of 105 line-kilometers of data acquisition. The entire claim block is now covered by the magnetometer survey. Subsequent data was interpreted by a certified, Reno-based geophysicist who produced maps showing structure, geologic units, and mineral targets. These data will be used with newly acquired soil geochemical data to help identify drill targets.

Six gravity meter lines and one tie line were also surveyed by the same contractor on the northern portion of the claim block. The survey was conducted to identify depth to bedrock in covered areas and also to help identify concealed structures and rock types. Data interpretation remains in progress. This portion of the claim block has potential for Carlin-type gold hosted in Triassic sedimentary rocks.

We have completed our geophysical programs and are continuing geologic mapping with the objective of identifying drill targets.

Our for the Jenny Hill Property is to minor the exploration work to be conducted by Kinross Gold Corporation during 2006. We understand that Kinross will undertake the following exploration activities during 2006, with a minimum anticipated expenditure amount of $200,000:

Description of Phase of Exploration	Description of Exploration Work Required
Geologic Mapping & Sampling	Continue mapping and sampling program
Target Identification	Compile all data and identify high-priority gold targets
Phase 1 Drilling	Drill targets Specifics unknown at this time
Data Evaluation	Evaluate drill data

5. Geology

The Jenny Hill Property is located along the eastern margin of the northwest-trending Walker Lane Mineral Belt. Bedrock consists of a mass of Jurassic granitic rock resting on a thrust fault, Cretaceous (?) dikes and sills, and sedimentary strata of Triassic Luning Formation. Potential for a Carlin-type gold deposit(s) is present in the altered siltstones of the Luning Formation at the northern end of the claim block. Outcrops yield a Carlin-type geochemical signature with anomalous gold. Potential for gold-bearing skarn exists on the southern portion of the claim block where Cretaceous dikes have cut and altered the Luning Formation adjacent to a large thrust sheet of Cretaceous granitic rock. Anomalous gold is present at the surface in skarn exposures. The northern and southern areas of the property appear linked by a major north-trending fault that may be related to gold mineralization. The property has never been drilled.

LA BUFA PROPERTY

1. Location and Access

The La Bufa exploration concession is located in the southwest extremity of the state of Chihuahua, Mexico and is centered on the small town (mining district) of Guadalupe y Calvo in the Sierra Madre Occidental. The single exploration concession adjoins and surrounds other concessions within the district. Net area is 1040.75 hectares (approximately 2571 net acres). The nearest commercial airport is in the city of Chihuahua, 480 km by road from the property. All-season vehicle access to the property is excellent. The town of Guadalupe y Calvo is the terminus of the paved, well-maintained Mexico Highway 24 which winds 270 kilometers from mining town of Hidalgo del Parral to the northeast. Access on the concession is via dirt roads. A map showing the location and access to the La Bufa property is presented below.

2. Ownership Interest

The La Bufa Property consists of three contiguous Mexican Exploration Concessions, La Bufa (No. 219036), La Bufa 1 (No. 222724), and La Bufa 2 (No. 223165) totalling 1,916.21 hectares, as follows:

Name	Type	Title	File	Area Hect.	Issued	Expired	Tax Rate	Pesos	US$
La Bufa	Explor.	219036	16/31696	1040.7594	31/Jan/03	30-Jan-09	$6.0100	$6,256	$585
La Bufa	Explor.	222724	16/32275	485.0000	27-Aug-04	26-Aug-10	$6.0100	$2,916	$273
La Bufa	Explor.	223165	16/32529	765.5000	28-Oct-04	27-Oct-10	$6.0100	$4,602	$430

The concessions were issued by the Direccion General de Minas in 2003 and 2004 to Minera Gavilan, S.A. de C.V., a Mexican subsidiary controlled 100% by Almaden Minerals Ltd., a publicly traded Canadian junior listed on the Toronto Stock Exchange (AMM). On August 8, 2005, we executed a letter of intent to joint venture the property with Almaden whereby we can earn a 51% interest in the property by undertaking exploration expenditures in the minimum amount of US$2.0 million over 4 years. This letter of intent has not been executed by Almaden to date, however we anticipate that this letter of intent will be executed shortly subsequent to the filing of this prospectus. Under this letter of intent, we will be able to earn an additional 9% interest by undertaking exploration expenditures in the minimum amount of an additional US$1.0 million over a further 18 months. As consideration, we issued to Almaden 50,000 shares of our common stock upon signing of the letter of intent and have agreed to issue to Almaden 60,000 shares on the first anniversary, 70,000 shares on the second anniversary, 80,000 shares on the third anniversary, 90,000 shares on the fourth anniversary, and 100,000 shares upon our electing to acquire the additional 9% interest. In all, we will be acquire a 60% interest in the La Bufa property by undertaking $3.0 million in exploration work and issuing 450,000 shares of our common stock to Almaden, with Almaden retaining a 40% interest.

3. History of Operations

Gold was discovered in the Guadalupe y Calvo district in 1835 with extended periods of production up to 1939. The discovered gold-silver veins were exploited largely by underground operations. A mint was constructed in 1844 by the Mexican government to take advantage of the precious metals production in the district.

Modern exploration work in the district has centered largely in the area of past production which is surrounded completely by the La Bufa concession. Although the vein system extends beyond the area of the old workings, little exploration work has been conducted. Asarco drilled two core holes in the 1970 s on La Bufa ground but the drill hole locations and results remain unknown.

A previous joint venture on the La Bufa Property between Almaden Minerals Ltd. and Grid Capital Corporation resulted in the drilling of five angle core holes (666.15 m) in three locations during December 2004. Hole GUD04-03 returned encouraging gold-silver-lead-zinc assays from multiple, narrow-vein intercepts (Almaden Minerals News Release, Jan. 24, 2005). However, Grid Capital backed out of the joint venture for undisclosed reasons. We have since entered into a new joint venture with Almaden to explore the La Bufa concession.

4. Present Condition of the Property and Proposed Exploration Program

The La Bufa Property is in the early stage of exploration and presently contains no known gold or silver resources. There is no plant or equipment on the Property. The property encompasses the town of Guadalupe y Calvo. The area of potential gold-silver mineralization lies largely along the eastern side of the town in low, forested and brushed covered hills.

In 2004, Grid Capital Corporation entered into a joint venture with Almaden and drilled five angle core holes for 666.15 meters between the Montecristo and Chipto workings. One hole was lost in historic workings. One hole encountered gold and silver mineralization. Grid Capital turned the property back to Almaden in 2005 for unknown reasons. The core remains stored on the property.

The plan for exploration of the La Bufa Concession is as follows:

Stage of Exploration	Anticipated Timetable for Completion	Estimated Cost of Completion
Construct Base Map	2nd Qtr	$25,000
Property Acquisition	2nd Qtr	$30,000
Data Base Management	2nd Qtr	$10,000
Geologic Mapping	2nd Qtr	$45,000
Soil Survey	2nd Qtr	$45,000
Phase 1 Drilling	3rd Qtr	$225,000
Metallurgy	4th Qtr	$5,000
Data Evaluation	4th Qtr	$15,000
		TOTAL: $ 400,000

There are several key factors that can delay completion of the exploration program:

1) Delay in the creation of a Mexican business entity under which work must be conducted.

2) Delays in permit approval for drilling.

3) Limited availability of core rigs in Mexico.

4) Lack of funding

Factors that could cause exploration costs to be greater than anticipated are largely from drilling conditions to include the following:

1) Caving ground

2) Lost Circulation

3) Artesian water

4) Stuck drill steel

5) Drilling in near proximity to the town (special compensation, noise, etc.)

The exploration program will be managed on site by Richard Bybee, P. Geol. State of Wyoming (PG-1505) with extensive experience in Latin America. The Company s V.P. of Exploration, Jeffrey L. Wilson, P. Geol. State of Utah, will oversee the project. Additional seasoned geologists will be used as warranted. No contracts have been let. Potential drilling companies include Layne, Major, and Dateline. ALS Chemex will likely be the analytical laboratory utilized.

We will have to comply with the following government regulation in undertaking exploration of the La Bufa property during 2006.

Description of Government Regulation to be Complied With	Manner and Cost of Compliance

Biannual concession payments to the Mexican Government in January and July of each year	Less than US$1,000; payments made through Almaden Minerals

Set up Mexican Business Entity	Estimate US$2,500
Drill Permitting	Estimate US$5,000
Reclamation	Estimate US$15,000

5. Geology

The La Bufa Property lies within the Guadalupe y Calvo district which is one of many epithermal gold-silver districts in the Sierra Madre Occidental of western Mexico. The Sierra Madre Occidental is characterized by deeply incised mountains, and has a total relief of about 3,000 meters. Most of the bedrock exposed in the vicinity of Guadalupe y Calvo consists of an upper volcanic series of bedrock which is commonly hundreds of meters in thickness. However, erosional exposures of a lower volcanic series of rock, which is favourable to mineralization and occurs in ranges up to 1,000 meters in thickness, are exposed along the eastern flank and central portions of the northwest-trending Guadalupe River Valley that traverses the La Bufa concession. The contact between the upper and lower volcanic series of rock is rarely exposed.

District mineralization occurs as northwest-trending, epithermal gold-silver-lead-zinc quartz veins and breccia veins with local attending stockworks. The veins occur only in the lower volcanic series. Veins typically range from 1 to 3+ meters in true thickness and are generally steeply dipping but may also have shallow dips. Historic production in the district encountered local mineralized zones measuring tens of meters in thickness. Past mining on the Rosario vein extended for a continuous strike length of over 600 meters on seven levels. The vein system appears to consist of multiple strands and extends southeastward for a distance of at least 1700 meters across the La Bufa Concession. The main paved road entering the town has a road cut that exposes a 70-meter zone containing multiple quartz veins.

GLOSSARY OF TECHNICAL TERMS

Mexico Property:

Term	Definition
Epithermal	Said of a hydrothermal mineral deposit formed within 1 km of the surface at temperatures of 50°-200°C, occurring mainly as veins.
Quartz Breccia	Quartz vein material that is broken into angular fragments
Quartz Stockworks	A three-dimensional network of planar to irregular quartz veinlets closely enough spaced that the whole mass can be mined.
gpt	Grams per metric tonne
Volcanics	Generally finely crystalline or glassy igneous rocks ejected explosively or extruded at or near the Earth s surface through volcanic action
Dacite	Fine-grained extrusive volcanic rock with the same composition as andesite but having less calcic plagioclase and more quartz
Andesite	A dark to grayish colored, fine-grained extrusive volcanic rock that may contain phenocrysts of sodic plagioclase.
Angular Unconformity	Contact between two groups of rocks where the underlying rocks dip in a different angle that the younger overlying rocks
Tuff	A general term for consolidated volcanic ash
Artesian Water	Ground water under pressure
Caving Ground	A drilling term that refers to rock formations that break when penetrated by a drill and produce rock fragments that may block the borehole and/or contaminate the drill cuttings.

Lost Circulation	The loss of drilling fluids through open faults, fractures, and/or permeable rock

Nevada Properties:

Term	Definition
Artesian water	Ground water under pressure
Carboniferous	Geologic Period referring to rocks 286 to 360 million years old

Term	Definition
Carlin-type deposit	Gold deposits hosted in sedimentary rocks with disseminated gold occurring as micron or submicron particles (invisible gold), typically with very little to no silver. Very large deposits of this type are found in the Carlin Trend in north- central Nevada.
Caving ground	A drilling term that refers to rock formations that break when penetrated by a drill and produce rock fragments that may block the borehole and/or contaminate the drill cuttings.
Cove-type deposit	Gold-silver deposits hosted in sedimentary rocks with significant amounts of precious metals mineralization hosted in veinlets. The Cove deposit is located in the northern portion of the Battle Mountain-Eureka Trend.
Cretaceous	Geologic Period referring to rocks 66.4 to 144 million years old.
Devonian	Geologic Period referring to rocks 360 to 408 million years old.
Dikes and sills	Generally narrow bodies of igneous rock implaced as magma along faults across bedding (dike) or along zones parallel to bedding (sill).
Geochemical survey	A sampling program focusing on trace elements that are commonly found associated with mineral deposits. Common trace elements for gold are mercury, arsenic, and antimony.
Geologic mapping	The process of mapping geologic formations, associated rock characteristics and structural features.
Geophysical survey	The systematic measurement of electrical, gravity, seismic, magnetic, or other properties as a tool to help identify rock type(s), faults, structures and minerals.
Golconda thrust	A major, flat-lying fault that has transposed older rocks over younger rocks.
Gossanous	Refers to an iron-bearing material that typically overlies a sulfide-bearing mineralized zone. It forms by the oxidation and leaching out of sulfur and most metals leaving hydrated iron oxides.
Gravimeter survey	A survey using a sensitive instrument that can detect density differences in geologic formations.
Hematite breccia	Refers to a rock composed of angular rock fragments with conspicuous iron- oxide minerals in the matrix and fractures.
Intrusive rock	Refers to any igneous rock (e.g. granite) that was implaced as a magma.
Jurassic	Geologic Period referring to rocks 144 to 208 million years old.
Lost circulation	The loss of drilling fluids through open faults, fractures, and/or permeable rock.
Magnetometer survey	A survey using a sensitive instrument that can detect the distortion of the Earth s magnetic field by different geologic formations.
Mercury soil gas survey	A geochemical sampling survey in which mercury vapor is sampled and measured. Mercury is typically associated with gold deposits in the Great Basin and is a pathfinder for finding gold deposits.
Metamorphic rock	Pre-existing rock that has been physically changed by temperature, pressure, shearing stress, or chemical environment, generally at depth in the Earth s crust
Pathfinder elements	Trace elements that are typically associated with gold deposits. Common pathfinder elements are mercury, arsenic and antimony.

Penn-Permian	Geologic Periods referring to rocks ranging from 245 to 320 million years old.
Permo-Triassic	Geologic Periods referring to rocks ranging from 208 to 286 million years old.
Reverse-circulation drilling	A drilling method that minimizes contamination of drill cuttings.

Term	Definition
Roberts Mountains Thrust	A major, flat-lying fault that has transposed older rocks over younger rocks.
Rock-chip sampling	The process of chipping off rock samples from outcrops for chemical analysis.
Schist	A metamorphic rock that is highly foliated and readily splits into flakes or slabs commonly due to a high content of mica.
Skarn deposit	Mineralization formed at the flanks and in contact with intrusive rocks.
Stratigraphy	The sequence of stratified rocks.
Subcrop	Bedrock just below the surface and usually contributing weathered rock material to the surficial debris.
Tertiary	Geologic Period referring to rocks ranging in age from 1.6 to 66.4 million years old.
Thrust sheet	A block of rock underlain by a flat-lying fault that originated from compressional forces.
Triassic	Geologic Period referring to rocks 208 to 245 million years old
Tuff	Volcanic ash that has been solidified into rock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Our plan of operations for the next twelve months is to continue with the exploration of our Nevada and Mexican mineral properties. Our planned geological exploration programs are described in detail in Item 2 of this prospectus entitled Description of Properties.

Our planned exploration expenditures for the next twelve months on our Nevada mineral properties and our Mexican La Bufa property, 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 Buffalo Valley Property, Nevada	$Nil (1)	$Nil (1)	$Nil (1)	$Nil (1)
Exploration of Hannah Property, Nevada	$159,000	$3,075	$15,000	$177,075
Exploration of JDS Property, Nevada	$157,000	$12,500	$Nil	$169,500
Exploration of Jenny Hill Property, Nevada	$Nil (2)	$Nil (2)	$Nil (2)	$Nil (2)
	$423,500	(3)	$Nil	$423,500

Exploration of La Bufa Property, Mexico				
Administration Nevada	$195,000	-	-	$195,000
Administration - Vancouver	$300,000	-	-	$300,000
Total	**$1,234,500**	**$15,575**	**$15,000**	**$1,265,075**

(1) We anticipate Agnico Eagle will undertake exploration expenditures in the amount of approximately $251,500 on the Buffalo Valley property. Further, Agnico Eagle will be required to pay $35,867 to the BLM and local counties and $20,000 to the property owner. These exploration expenditures are to be undertaken and paid for by Agnico Eagle pursuant to our letter of intent to our letter of intent to joint venture the property with Agnico Eagle. However, if Agnico Eagle 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 and the property payments required to maintain the property in good standing.

(2) We anticipate that Kinross will undertake exploration expenditures in the estimated minimum amount of $200,000 on the Jenny Hill property. Further, Kinross will be required to pay $12,983 to the BLM and local counties and $30,000 to the property owner. These exploration expenditures are to be undertaken and paid for by Kinross pursuant to our letter of intent to our letter of intent to joint venture the property with Kinross. However, if Kinross 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 and the property payments required to maintain the property in good standing.

(3) Included in Planned Exploration Expenditures .

The general and administrative expenses for the year 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 in the amount of $132,806 and working capital in the amount of $3,457 as of December 31, 2005. Based on our planned expenditures, we will require a minimum of approximately $1,275,000 to proceed with our plan of operations over the next twelve months. 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 achieve less than the full amount of financing that we require, we will scale back our exploration programs on our mineral properties and will proceed with scaled back exploration plans based on our available financial resources.

During the next twelve month period, we anticipate that we will not generate any revenue. Accordingly, 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 and we cannot provide investors with any assurance that we will be able to raise sufficient funding 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.

We may consider entering into a joint venture arrangement 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.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

We were incorporated as Braden Technologies Inc. Effective March 26, 2004, we acquired 100% of the issued and outstanding shares of Lincoln Gold Corp. by issuing 24,000,000 shares of our common stock. We subsequently merged with Lincoln Gold Corp. and changed our name to Lincoln Gold Corporation. Since the acquisition transaction resulted in the former shareholders of Lincoln Gold Corp. owning the majority of our issued and

outstanding shares, the transaction, which is referred to as a reverse take-over , has been treated for accounting purposes as an acquisition by Lincoln Gold Corp. of the net assets and liabilities of Braden Technologies Inc. Under this purchase method of accounting, the results of operations of Braden Technologies Inc. are included in these consolidated financial statements from March 26, 2004. Our date of inception is the date of inception of Lincoln Gold Corp., being September 25, 2003 and our financial statements are presented with reference to the date of inception of Lincoln Gold Corp.

RESULTS OF OPERATIONS

Our results of operations for the year ended December 31, 2005 are presented below:

	Accumulated For the Period September 25, 2003 (Date of Inception) To December 31, 2005 $	Year Ended December 31, 2005 $	Year Ended December 31, 2004 $
Revenue	-	-	-
Expenses			
Depreciation	1,978	1,978	-
Foreign exchange loss	3,790	2,115	1,675
General and administrative	2,142,746	730,433	1,407,503
Impairment loss on mineral acquisition costs	55,000	55,000	-
Mineral exploration	803,652	529,017	263,126
Total Expenses	3,007,166	1,318,543	1,672,304
Net Loss From Operations	(3,007,166)	(1,318,543)	(1,672,304)
Other Income (Expense)			
Accounts payable written off	33,564	33,564	-
Interest income	8,414	8,414	-
Interest expense	(37,028)	(17,981)	(19,047)
Net Loss	(3,002,216)	(1,294,546)	(1,691,351)

Our exploration expenditures increased substantially for fiscal 2005 compared to fiscal 2004. This increase attributable largely to our increased exploration activities during fiscal 2005, as described in detail in Item 2 of this prospectus entitled "Description of Properties". Our loss for fiscal 2005 decreased in comparison to fiscal 2004 due to a decrease in general and administrative expenses resulting from decreased stock based compensation expense. We anticipate that our expenses and net loss will continue to increase throughout the current fiscal year in comparison with 2005 as a result of our planned exploration activities and as a result of payments required to maintain our interests in our mineral properties. In addition, we anticipate continued increased 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 December 31, 2005 was $132,806 compared to $127,785 as of December 31, 2004. We had working capital of $3,457 as of December 31, 2005 compared to a working capital deficit of $43,959 as of December 31, 2004.

March 2005 Private Placement Financing

We completed a private placement financing in March 2005 for net proceeds of $901,290. The private placement financing was comprised of the issue of an aggregate of 3,145,000 units (each a Unit) at a price of $0.30 per Unit to an aggregate of 53 purchasers for total proceeds of $943,500. Each Unit is comprised of one share of common stock and one share purchase warrant (a Warrant). Each Warrant entitles the investor to purchase one additional

share of common stock for a two year period at a price of $0.40 per share during the period from the date of issue to the date that is one year from the date of issue and at a price of $0.50 per share during the period from the date that is one year from the date of issue to the date that is two years from the date of issue. During our second quarter, we completed the filing of a registration statement with the Securities and Exchange Commission in order to register the resale by the investors of the private placement shares and the shares issuable upon exercise of the warrants.

Plan of Operations

We estimate that our total expenditures over the next twelve months will therefore be approximately $1,500,000, as outlined above under the heading Plan of Operations . We anticipate that we will need to raise a minimum of approximately $1,275,000 in financing to proceed with our plan of operations over the next twelve months. 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. Given our plan to scale back our operations if we do not achieve additional financing, we anticipate that our current cash and working capital will be sufficient to enable us to sustain our operations and our interests in our mineral properties for the next twelve months.

Outstanding Convertible Note

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 both the conversion of debt to common stock along with the warrants was cancelled. The amount of $100,000 was outstanding as of December 31, 2005 and remains outstanding.

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

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 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* . We assess the carrying costs for impairment under SFAS No. 144, *Accounting for Impairment or Disposal of Long Lived Assets* at each fiscal quarter end. When we have 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. During the year ended December 31, 2005, mineral exploration acquisition payments totalling $55,000 were impaired as there are no proven or probable reserves on these properties.

Stock Based Compensation

Stock options granted to employees and non-employees are accounted for under SFAS No. 123 *Accounting for Stock-Based Compensation* (SFAS 123), which establishes a fair value based method of accounting for stock based awards, and recognizes compensation expense based on the fair value of the stock award or fair value of the goods and services received, whichever is more reliably measurable.

Foreign Currency Translation

Our functional and reporting currency is the United States dollar. Foreign currency transactions are primarily undertaken in Canadian dollars and are translated into United States dollars using exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-measured at each balance sheet date at the exchange rate prevailing at the balance sheet date. Foreign currency exchange gains and losses are charged to operations. We have not, to the date of our December 31, 2005 financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Except as described below, none of the following persons has any direct or indirect material interest in any transaction to which we were or are a party during the past two years, or in any proposed transaction to which the Company proposes to be a party:

(A) any director or officer;

(B) any proposed nominee for election as a director;

(C) any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to our common stock; or

(D) any relative or spouse of any of the foregoing persons, or any relative of such spouse, who has the same house as such person or who is a director or officer of any parent or subsidiary.

Acquisition of Lincoln Gold

The following of our directors, officers and 5% shareholders were issued the number of shares of our common stock set forth below in consideration of their sale of the number of shares of Lincoln Gold Corp. set forth below in connection with our acquisition of Lincoln Gold Corp., as more particularly described the section of this Prospectus entitled Description of Business .

Name	Number of Shares of Common Stock Issued	Original Number of Shares of Lincoln Gold Corp. held and transferred	Cost of purchase of Shares of Lincoln Gold Corp.
Paul Saxton Director, President, Chief	5,500,000	550,000	$5,500

Executive Officer and Chief Financial Officer			
Andrew Milligan Director	1,500,000	150,000	$1,500

Name	Number of Shares of Common Stock Issued	Original Number of Shares of Lincoln Gold Corp. held and transferred	Cost of purchase of Shares of Lincoln Gold Corp.
James Chapman Director	1,500,000 (1)	150,000	$1,500
Joe Eberhard Dorfstrasse #15 CH 8903, Birmensdorf Switzerland	3,000,000	300,000	$3,000
Michael Baybak Suite 1200 750 West Pender Street Vancouver, B.C.	2,500,000	250,000	$2,500

(1) Subsequently transferred 750,000 shares to Jeffrey Wilson.

Grant of Stock Options

Our directors and officers were granted the options to purchase shares of our common stock during our fiscal year ended December 31, 2004, as follows:

Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees[1]	Exercise Price (per Share)	Expiration Date
Paul Saxton Director, President, Chief Executive Officer and Chief Financial Officer	430,000	21.4%	$0.60	May 25, 2007
Andrew Milligan Director	430,000	21.4%	$0.60	May 25, 2007
James Chapman Director	200,000	9.9%	$0.60	May 25, 2007
Jeffrey Wilson Vice-President Exploration	430,000	21.4%	$0.60	May 25, 2007

Private Placement of Units

Sprott Asset Management Inc. purchased 1,700,000 units at a price of $0.30 per unit in December 2004 for an aggregate purchase price of $510,000. 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 for a two year period at a price of $0.40 per share during the period from the date of issue to the date that is one year from the date of issue and at a price of $0.50 per share during the period from the date that is one year from the date of issue to the date that

is two years from the date of issue. We have agreed to file a registration statement with the Securities and Exchange Commission in accordance with the requirements of the Securities Act of 1933 in order to register the resale by the investor of the shares and the shares issuable upon exercise of the warrants. We agreed to file the registration statement within 120 days from the date of completion of the sale of the units.

Executive Compensation

We paid $34,240 to a company of which Paul Saxton is a director in respect of management fees payable for the services of Mr. Saxton during fiscal 2005. We paid management fees of $68,598 to Jeffrey Wilson, our vice-president of exploration, during fiscal 2005.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

OTC Bulletin Board

Shares of our common stock are quoted on the OTC Bulletin Board under the symbol LGCP. The following table indicates the high and low bid prices of our common stock during the periods indicated:

QUARTER ENDED	HIGH BID	LOW BID
December 31, 2005	$0.27	$0.15
September 30, 2005	$0.54	$0.23
June 30, 2005	$0.90	$0.44
December 31, 2004	$0.51	$0.31
October 30, 2004	$0.90	$0.42
June 30, 2004	$0.90	$0.28
March 31, 2004	$0. 28	$0.21

The source of the high and low bid information is the NASD OTC Bulletin Board. The market quotations provided reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Penny Stock

Our common stock is considered penny stocks under the rules the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or quotation system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the Commission, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of Securities' laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type, size and format, as the Commission shall require by rule or regulation. The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgement of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitably statement.

These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock if it becomes subject to these penny stock rules. Therefore, if our common stock becomes subject to the penny stock rules, stockholders may have difficulty selling those securities.

HOLDERS OF COMMON SHARES

As at February 6, 2006, we had eighty-nine registered holders of our common stock.

DIVIDENDS

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or

2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

EQUITY COMPENSATION PLAN INFORMATION.

As at December 31, 2005, we had two equity compensation plans under which our common shares have been authorized for issuance to our officers, directors, employees and consultants, namely our 2004 Stock Option Plan and our 2005 Stock Option Plan. Neither of our 2004 Stock Option Plan or our 2005 Stock Option Plan have been approved by our shareholders. We do not have any equity compensation plans that have been approved by our shareholders.

The following summary information is presented for our 2004 Stock Option Plan and our 2005 Stock Option Plan as of December 31, 2005.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	**Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in column (a))**
Plan Category	(a)	(b)	(c)
Equity Compensation Plans Approved By Security Holders	Not Applicable	Not Applicable	Not Applicable
Equity Compensation Plans Not Approved By Security Holders	2,390,000 Shares of Common Stock	$0.60 per Share	2,110,000 Shares

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth compensation information as to our chief executive officer, Mr. Paul Saxton, for the past three fiscal years. None of our executive officers earned more than $100,000 during our most recently completed fiscal year. Mr. Saxton is our named executive officer. No other compensation was paid to any such officer or

directors other than the cash and stock option compensation set forth below.

SUMMARY COMPENSATION TABLE									
			ANNUAL COMPENSATION			LONG TERM COMPENSATION			
						AWARDS		PAYOUTS	
Name	Title	Year	Salary	Bonus	Other Annual Compensation	Restricted Stock Awarded	Options/ SARs * (#)	LTIP payouts ($)	All Other Compen-sation
Paul Saxton (1)	President, Chief Executive Officer, Chief Financial Officer and Director	2005	$34,240 (1)	0	0	0	0	0	0
		2004	$4,500 (1)	0	0	0	430,000	0	0

(1) Mr. Saxton was appointed as a director and as our president, chief executive officer and chief financial officer on March 26, 2004. We paid a management fee of $4,500 to a private holding company of Mr. Saxton during fiscal 2004 and a management fee of $34,240 during fiscal 2005.

STOCK OPTION GRANTS

We did not grant any stock options to any of our executive officers or directors during our fiscal year ended December 31, 2005.

EXERCISES OF STOCK OPTIONS AND YEAR-END OPTION VALUES

The following is a summary of the share purchase options exercised by our directors and officers, including our named executive officers, during our fiscal year ended December 31, 2005:

SUMMARY COMPENSATION TABLE									
			ANNUAL COMPENSATION			LONG TERM COMPENSATION			
						AWARDS		PAYOUTS	
Name	Title	Year	Salary	Bonus	Other Annual Compensation	Restricted Stock Awarded	Options/ SARs * (#)	LTIP payouts ($)	All Other Compen-sation
Paul Saxton (1)	President, Chief Executive Officer, Chief Financial Officer and	2005	$34,240 (1)	0	0	0	0	0	0
		2004	$4,500 (1)	0	0	0	430,000	0	0

	Director								

(1) Mr. Saxton was appointed as a director and as our president, chief executive officer and chief financial officer on March 26, 2004. We paid a management fee of $4,500 to a private holding company of Mr. Saxton during fiscal 2004 and a management fee of $34,240 during fiscal 2005.

STOCK OPTION GRANTS

We did not grant any stock options to any of our executive officers or directors during our fiscal year ended December 31, 2005.

EXERCISES OF STOCK OPTIONS AND YEAR-END OPTION VALUES

The following is a summary of the share purchase options exercised by our directors and officers, including our named executive officers, during our fiscal year ended December 31, 2005:

AGGREGATED OPTION/SAR EXERCISES DURING THE LAST FINANCIAL YEAR END AND FINANCIAL YEAR-END OPTION/SAR VALUES

Name (#)	Common Shares Acquired on Exercise	Value Realized ($)	Unexercised Options at Financial Year-End (#) exercisable/ unexercisable	Value of Unexercised In-The-Money Options/SARs at Financial Year-End ($) exercisable/ unexercisable
Paul Saxton Director, President, Chief Executive Officer and Chief Financial Officer	NIL	NIL	430,000/NIL	$NIL/$NIL
Andrew Milligan Director	NIL	NIL	430,000/NIL	$NIL/$NIL
James Chapman Director	NIL	NIL	200,000/NIL	$NIL/$NIL
Jeffrey Wilson Vice-President Exploration	NIL	NIL	430,000/NIL	$NIL/$NIL

LONG-TERM INCENTIVE PLANS

We do not have any long-term incentive plans, pension plans, or similar compensatory plans for our directors or executive officers.

EMPLOYMENT CONTRACTS

We do not have any employment contracts with any of our officers or directors.

FINANCIAL STATEMENTS

The following consolidated financial statements of Lincoln Gold listed below are included with this prospectus. These financial statements have been prepared on the basis of accounting principles generally accepted in the United States and are expressed in U.S. dollars.

Report of Independent Registered Public Accounting Firm

To the Directors and Stockholders
Lincoln Gold Corporation
(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheet of Lincoln Gold Corporation as of December 31, 2005, and the related consolidated statements of operations, cash flows and stockholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying balance sheet of Lincoln Gold Corporation as of December 31, 2004 and the related statements of operations, cash flows and stockholders' deficit for the year then ended and accumulated for the period from September 25, 2003 (Date of Inception) to December 31, 2004, were audited by other auditors in their report dated April 14, 2005. Those auditors expressed an unqualified opinion on those financial statements and included an explanatory paragraph describing the substantial doubt about the Company's ability to continue as a going concern.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Gold Corporation as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenue and has incurred significant operating losses since inception. These factors raise substantial doubt about the Company s ability to continue as a going concern. Management s plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada

March 20, 2006

F-1

A PARTNERSHIP OF INCORPORATED PROFESSIONALS

AMISANO HANSON
CHARTERED ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders,
Lincoln Gold Corporation
(formerly Braden Technologies Inc.)

We have audited the accompanying balance sheet of Lincoln Gold Corporation (formerly Braden Technologies Inc.) (An Exploration Stage Company) as of December 31, 2004 and the related statements of operations, stockholders' deficiency and cash flows for the year ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Gold Corporation as of December 31, 2004 and the results of its operations and its cash flows for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in the exploration stage and has no established source of revenue and is dependent on its ability to raise capital from shareholders or other sources to sustain operations. These factors, along with other matters as set forth in Note 1, raise substantial doubt that the Company will be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada
April 14, 2005

"Amisano Hanson"
Chartered Accountants

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

	December 31, 2005 $	2004 $
ASSETS		
Current Assets		
Cash	132,806	127,785
Prepaid expenses and deposits	11,302	-
Total Current Assets	144,108	127,785
Property and Equipment (Note 4)	7,328	-
Total Assets	151,436	127,785
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	20,474	84,458
Accrued liabilities	12,097	28,807
Due to related parties (Note 6)	8,080	12,479
Loan payable (Note 7)	-	46,000
Note payable (Note 8)	100,000	-
Total Current Liabilities	140,651	171,744
Note Payable (Note 8)	-	200,000
Total Liabilities	140,651	371,744
Commitments and Contingencies (Note 1 and 5)		
Stockholders Equity (Deficit)		
Common Stock, 100,000,000 shares authorized, $0.001 par value, 41,865,000 and 38,400,000 shares issued and outstanding, respectively	41,865	38,400
Additional Paid-in Capital	3,092,488	2,074,663
Stock Subscriptions Receivable	-	(528,000)
Deficit Accumulated During the Exploration Stage	(3,123,568)	(1,829,022)
Total Stockholders Equity (Deficit)	10,785	(243,959)
Total Liabilities and Stockholders Equity (Deficit)	151,436	127,785

(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)

	Accumulated For the Period September 25, 2003 (Date of Inception) To December 31, 2005 $	Year Ended December 31, 2005 $	Year Ended December 31, 2004 $
Revenue	-	-	-
Expenses			
Depreciation	1,978	1,978	-
Foreign exchange loss	3,790	2,115	1,675
General and administrative (Note 6(a))	2,142,746	730,433	1,407,503
Impairment loss on mineral properties (Note 2(h))	55,000	55,000	-
Mineral exploration	803,652	529,017	263,126
Total Expenses	3,007,166	1,318,543	1,672,304
Loss From Operations	(3,007,166)	(1,318,543)	(1,672,304)
Other Income (Expense)			
Accounts payable written off	33,564	33,564	-
Interest income	8,414	8,414	-
Interest expense	(37,028)	(17,981)	(19,047)
Net Loss	(3,002,216)	(1,294,546)	(1,691,351)
Net Loss Per Share Basic and Diluted		(0.03)	(0.06)
Weighted Average Shares Outstanding		41,079,000	30,228,000

(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)

	Accumulated For the Period From September 25, 2003 (Date of Inception) To December 31, 2005 $	Year Ended December 31, 2005 $	Year Ended December 31, 2004 $
Operating Activities			
Net loss	(3,002,216)	(1,294,546)	(1,691,351)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accounts payable written off	(33,564)	(33,564)	
Depreciation	1,978	1,978	-
Impairment loss on mineral properties	55,000	55,000	-
Stock-based compensation	1,145,663	108,000	1,037,663
Changes in operating assets and liabilities:			
Prepaid expenses and deposits	(11,302)	(11,302)	-
Account payable and accrued liabilities	(36,235)	(47,130)	3,820
Due to related parties	8,080	(219)	-
Net Cash Used in Operating Activities	(1,872,596)	(1,221,783)	(649,868)
Investing Activities			
Cash acquired on acquisition of subsidiary	68	-	68
Mineral property acquisition costs	(55,000)	(55,000)	-
Purchase of property and equipment	(9,306)	(9,306)	-
Net Cash Flows Used in Investing Activities	(64,238)	(64,306)	68
Financing Activities			
Advances from related parties	4,180	-	4,180
Repayment of advances from related parties	(4,180)	(4,180)	
Proceeds from loan payable	46,000	-	46,000
Repayment of loan payable	(46,000)	(46,000)	-
Issuance of note payable	200,000	-	200,000
Repayment of note payable	(100,000)	(100,000)	-
Proceeds from issuance of common stock/stock subscriptions received	1,969,640	1,441,290	512,000
Net Cash Flows From Financing Activities	2,069,640	1,291,110	762,180
Increase in Cash	132,806	5,021	112,380
Cash Beginning of Period	-	127,785	15,405
Cash End of Period	132,806	132,806	127,785
Non-cash Investing and Financing Activities	-	-	-
Supplemental Disclosures			
Interest paid	35,000	35,000	-
Income tax paid	-	-	-

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

Lincoln Gold Corporation
(An Exploration Stage Company)
Consolidated Statements of Stockholders Equity (Deficit)
For the period from September 25, 2003 (Date of Inception) to December 31, 2005
(Expressed in U.S. dollars)

	Common Stock		Stock Subscriptions	Additional	Deficit Accumulated During the	
	Number of Shares	Amount	Receivable	Paid-in Capital	Exploration Stage	Total
Balance September 25, 2003						
(Date of Inception)	-	$ -	$ -	$ -	$ -	$ -
Shares issued for cash at $0.001						
per share	850,000	850	-	-	-	850
Shares issued for cash at $0.01						
per share	1,550,000	1,550	-	13,950	-	15,500
Net loss for the period	-	-	-	-	(16,319)	(16,319)
Balance, December 31, 2003	2,400,000	2,400	-	13,950	(16,319)	31
Adjustment to number of shares						
issued and outstanding as a						
result of the acquisition of						
Lincoln Gold Corp.:						
Remove shares of Lincoln						
Gold Corp.	(2,400,000)	(2,400)	-	2,400	-	-
Add shares of Lincoln Gold						
Corporation (formerly						
Braden Technologies Inc.)	11,400,000	11,400	-	(11,400)	-	-
Fair value of shares issued in						
connection with the						
acquisition of Lincoln Gold						
Corp.	24,000,000	24,000	-	(4,950)	(19,050)	-
Net asset deficiency of legal						

parent at date of reverse						
take-over transaction	-	-	-	-	(102,302)	(102,302)
Shares issued for cash at $0.50						
per share	700,000	700	-	349,300	-	350,000
Shares issued for cash at $0.30						
per share	2,300,000	2,300	(528,000)	687,700	-	162,000
Stock-based compensation	-	-	-	1,037,663	-	1,037,663
Net loss for the year	-	-	-	-	(1,691,351)	(1,691,351)
Balance, December 31, 2004	38,400,000	38,400	(528,000)	2,074,663	(1,829,022)	(243,959)
Proceeds from stock subscriptions						
receivable	-	-	528,000	-	-	528,000
Shares issued for cash at $0.30						
per share, net of issuance costs	3,145,000	3,145	-	898,145	-	901,290
Shares issued for cash at $0.60						
per share pursuant to the						
exercise of stock options	20,000	20	-	11,980	-	12,000
Shares issued for services at						
$0.36 per share	300,000	300	-	107,700	-	108,000
Net loss for the year	-	-	-	-	(1,294,546)	(1,294,546)
Balance, December 31, 2005	41,865,000	$ 41,865	$ -	$ 3,092,488	$ (3,123,568)	$ 10,785

(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
December 31, 2005 and 2004
(Expressed in U.S. dollars)

1. Nature of Operations and Continuance of Business

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.

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 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 December 31, 2005, the Company has never generated any revenues and has accumulated losses of $3,123,568 since inception. 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. These factors raise substantial doubt regarding the Company s ability to continue as a going concern.

As at December 31, 2005, the Company has working capital of $3,457. Management plans to complete private placement sales 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

These 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) Use of Estimates

The preparation of 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.

c) 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 income statement. 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 excludes all dilutive potential shares if their effect is anti dilutive.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2005 and 2004
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

d) Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at December 31, 2005 and 2004, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

e) 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.

f) 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.

g) Long-lived Assets

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes an impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

h) 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. During the year ended December 31, 2005, mineral exploration acquisition payments totaling $55,000 were impaired as there are no proven or probable reserves on these properties.

i) 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.

j) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely that 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 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.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2005 and 2004
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

k) Foreign Currency Translation

The Company s functional and reporting currency is the United States dollar. Foreign currency transactions are primarily undertaken in Canadian dollars and are translated into United States dollars using exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at each balance sheet date at the exchange rate prevailing at the balance sheet date. Foreign currency exchange gains and losses are charged to operations. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

l) Stock-based Compensation

Stock options granted to employees and non-employees are accounted for under SFAS No. 123 *Accounting for Stock-Based Compensation* (SFAS 123), which establishes a fair value based method of accounting for stock based awards, and recognizes compensation expense based on the fair value of the stock award or fair value of the goods and services received, whichever is more reliably measurable.

m) Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, *Accounting Changes and Error Corrections A Replacement of APB Opinion No. 20 and SFAS No. 3* . SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The provisions of SFAS No. 154 are effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, the FASB issued SFAS No. 153 *Exchanges of Non-monetary assets An amendment of APB Opinion No. 29* . The guidance in APB Opinion No. 29, *Accounting for Non- monetary Transactions* , is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non- monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for non- monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2005 and 2004
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

m) Recent Accounting Pronouncements (continued)

In December 2004, the FASB issued SFAS No. 123R, *Share Based Payment* . SFAS No. 123R is a revision of SFAS No. 123 *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees* and its related implementation guidance. SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. It also addresses transactions in which an entity incurs liabilities in exchange for goods and services that are based on the fair value of the entity s equity instruments or that may be settled by the issuance of those equity instruments. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). SFAS No. 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS No. 123R in the first interim or annual reporting period that begins after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In March, 2005, the SEC staff issued Staff Accounting Bulletin No. 107 (SAB 107) to give guidance on the implementation of SFAS No. 123R. The Company will consider SAB 107 during implementation of SFAS No. 123R.

n) Reclassifications

Certain reclassifications have been made to the prior year s financial statements to conform to the current year s presentation.

Current Assets	$	68
Current Liabilities		(102,370)
Net Liabilities Assumed	$	(102,302)

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2005 and 2004
(Expressed in U.S. dollars)

4. Property and Equipment

	Cost $	Accumulated Depreciation $	December 31, 2005 Net Carrying Value $	December 31, 2004 Net Carrying Value $
Computer hardware	4,676	902	3,774	
Computer software	1,345	616	729	
Office equipment and fixtures	3,285	460	2,825	
	9,306	1,978	7,328	

5. 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 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:

i. $5,000 upon signing the agreement (paid);
ii. $5,000 on January 10, 2005 (paid);
iii. $10,000 on January 10, 2006 (paid subsequently);
iv. $15,000 on January 10, 2007;
v. $25,000 on January 10th of each year from 2008 to 2012; and
vi. $50,000 on January 10, 2013.

b) Lincoln Flat Property

On December 24, 2003 the Company entered into an option agreement for the acquisition of a 100% interest in twelve mineral claims situated in Lyon and Douglas Counties, Nevada, USA. The option agreement called for net smelter royalties of 1% - 4% upon production. Pursuant to the option agreement, the Company was required to make option payments totaling $210,000 as follows:

i. $5,000 upon signing the agreement (paid);
ii. $5,000 on January 10, 2005 (paid);
iii. $10,000 on January 10, 2006;
iv. $15,000 on January 10, 2007;
v. $25,000 on January 10th of each year from 2008 to 2012; and
vi. $50,000 on January 10, 2013.

During fiscal 2005, the Company decided not to proceed with the option agreement.

c) JDS Property

In fiscal 2004, the Company acquired, by staking, a 100% interest in seventy-seven mineral claims in Eureka County, Nevada, USA.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2005 and 2004
(Expressed in U.S. dollars)

5. Mineral Property Interests (continued)

d) Basin Property

On February 12, 2004, the Company entered into an option agreement to acquire a 100% interest in ten mineral claims situated in Nye County, Nevada, USA. The option agreement called for net smelter royalties upon production. Pursuant to the option agreement, the Company was required to make option payments totaling $94,200 as follows:

i. $3,200 upon signing the agreement (paid);
ii. $1,000 by August 1, 2004 (paid);
iii. $15,000 by March 1, 2006;
iv. $25,000 by March 1, 2007; and
v. $50,000 by March 1, 2008

In addition, the Company agreed to a drill program. The Company decided not to proceed with the drill program as it wanted to focus its efforts on the exploration of its other mineral properties. As a result, the Company's interest in the property lapsed on August 15, 2005.

e) Hercules Property

On April 24, 2004, the Company entered into an option agreement under which it can earn up to a 60% interest in the project located in Nevada, USA. To earn its interest, the Company had to pay $10,000 (paid) and complete a work program on the property of $75,000 or 3,600 feet of drilling by September 18, 2004. After completing an initial work program, the Company decided not to pursue the option agreement any further.

f) Buffalo Valley Property

On July 9, 2004, the Company entered into a mining lease agreement for a term of twenty years. The agreement calls for the Company to make advance minimum royalties to the Lessor over the term as follows:

i. $10,000 upon exercise of the lease (paid);
ii. $20,000 by July 9, 2005 (paid);
iii. $20,000 by July 9, 2006;
iv. $40,000 by July 9, 2007;
v. $40,000 by July 9, 2008;
vi. $50,000 by July 9, 2009;
vii. $50,000 by July 9, 2010;
viii. $60,000 by July 9, 2011;
ix. $60,000 by July 9, 2012;

x. $70,000 by July 9, 2013;
xi. $70,000 by July 9, 2014; and
xii. $80,000 plus inflation by July 9 of each year from 2015 to 2024.

The agreement is subject to a net smelter return ("NSR") ranging form 3% to 5% (dependent on the price of gold). The Company has the right to reduce the NSR by purchasing a portion of the Lessor's NSR such that the Lessor retains minimum a 3% NSR. The purchase price shall be $250,000 for each 0.25% NSR.

On July 26, 2005, the Company entered into an agreement whereby it granted the right to earn up to a 75% interest in the property to an Optionee. To earn a 60% interest, the Optionee has a work commitment (includes maintaining the underlying leases and claims in good standing) of $3,000,000 over a five year period as follows:

i. $50,000 in year one;
ii. $250,000 in year two;
iii. $400,000 in year three;
iv. $800,000 in year four; and
v. $1,500,000 in year five.

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5. Mineral Property Interests (continued)

e) Buffalo Valley Property (continued)

The Optionee is also obligated to pay remaining advance minimum royalties as described in the schedule above. The Optionee can earn an additional 10% interest for producing a feasibility study and a final 5% interest for loaning or arranging for financing of the Company s share of capital required for mine development and construction costs.

f) 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:

v. $20,000 upon signing the agreement (paid);
vi. $25,000 by September 28, 2005 (paid);
vii. $30,000 by September 28, 2006;
viii. $60,000 by September 28, 2007;
ix. $70,000 by September 28, 2008;
x. $80,000 by September 28, 2009;
xi. $90,000 by September 28, 2010; and
xii. $1,125,000 by September 28, 2011.

The Company must also complete a work program on the property of $50,000, in the first lease year and $100,000 for the second and each subsequent lease year until the option is exercised and completed.. The agreement is subject to a net smelter return of 2%.

On December 9, 2005 the Company entered into a non-binding agreement whereby it offered the right to earn a 60% interest in the property to an Optionee. The Optionee can earn a 60% interest by spending $3,000,000 in exploration work on the property over a five year period with a minimum expenditure of $200,000 to be spent during the first year. In addition, the Optionee can earn an additional 10% interest by completing a feasibility study on the project and an additional 5% interest (for a total of 75%) by arranging financing on behalf of the Company for its share of the construction costs as a result of

both parties reaching a positive construction decision for a mine operation on the project. A formal agreement is to be signed by both parties within ninety days (extended).

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8. Note Payable

On January 28, 2004, the Company issued a $200,000 convertible note with 5,000,000 warrants to purchase common stock of the Company at $0.04 per share which expire on January 28, 2006. The note carries an interest rate of 10% compounded monthly and is due on January 28, 2006. The interest is payable annually with the second year interest payment due with the principal amount. The holder can convert any portion of the debt to common stock at the value of $0.04 per share until January 28, 2006. Warrants can be exercised in minimum amounts of 1,000 shares at a conversion price of $0.04 per share. In accordance with EITF 00-27 “Application of Issue No. 98-5 to Certain Convertible Instruments” and EITF 98-5 “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios”, there was determined to be minimal fair value related to the warrants issued and there was no beneficial conversion feature amount.

On September 15, 2005 the Company completed an agreement whereby the Company 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, both the conversion of debt to common stock along with the warrants was cancelled.

9. Common Stock

a) On March 10, 2005, the Company issued 3,145,000 units at $0.30 per unit for total cash proceeds of $943,500 pursuant to a private placement. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at $0.40 during the first year and at $0.50 per share during the second year. The Company paid commissions of $42,210 in connection with this offering which were deducted from the proceeds.

b) On March 31, 2005, the Company issued 20,000 common shares at $0.60 per share for total cash proceeds of $12,000 pursuant to the exercise of stock options.

c) On August 15, 2005, the Company issued 300,000 shares of common stock at a fair value of $108,000 in consideration for providing investor relations and shareholder communication services.

d) On December 20, 2004, the Company issued 2,300,000 units at $0.30 per unit for total cash proceeds of $690,000, of which $162,000 was received as at December 31, 2004 and the remaining balance of $528,000 was received in fiscal 2005. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at $0.40 during the first year and at $0.50 per share during the second year.

e) On May 31, 2004, the Company issued 700,000 common shares at $0.50 per share for total cash proceeds of $350,000.

f) On March 26, 2004, the Company issued 24,000,000 common shares to acquire 100% of the issued and outstanding shares of Lincoln Gold Corp. as described in Note 3.

Weighted

	Number of shares	average exercise price $
Balance, December 31, 2003	-	-
Issued	7,300,000	0.16
Balance, December 31, 2004	7,300,000	0.16
Issued	3,145,000	0.40
Cancelled	(5,000,000)	0.04
Balance, December 31, 2005	5,445,000	0.40

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10. Share Purchase Warrants (continued)

As at December 31, 2005 the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,300,000	$0.50	December 20, 2006 (the exercise price increased from $0.40 in final year)
3,145,000	$0.40	March 10, 2007 (the exercise price increases to $0.50 in the final year)
5,445,000		

11. Stock Options

In fiscal 2004, the Board of Directors approved the 2004 Stock Option Plan for a maximum of 2,500,000 shares available to be granted to directors, officers, employees and consultants. The stock option exercise price is set at the fair market value of the shares at the date of grant. The term of the stock options, once granted, is not to exceed ten years. The vesting period of the stock options is set at the discretion of the Board of Directors.

On February 23, 2005, the Board of Directors approved the 2005 Stock Option Plan for a maximum of 2,000,000 shares available to be granted to directors, officers, employees and consultants. The stock option exercise price is set at the fair market value of the shares at the date of grant. The term of the stock options, once granted, is not to exceed ten years. The vesting period of the stock options is set at the discretion of the Board of Directors.

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

	December 31, 2005		December 31, 2004	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	2,410,000	$0.60	-	-
Granted	-	-	2,410,000	$0.60
Exercised	(20,000)	$0.60	-	-
Balance, end of year	2,390,000	$0.60	2,410,000	$0.60

Additional information regarding options outstanding as at December 31, 2005 is as follows:

	Outstanding and Exercisable		
Exercise price $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $

0.60	2,390,000	1.4	0.60

During the year ended December 31, 2004, the Company recorded $1,037,663 for the fair value of stock options granted in accordance with SFAS No. 123.

The fair value of stock options granted during the year ended December 31, 2004 was estimated using the Black-Scholes option pricing model assuming a dividend yield of 0%, expected volatility of 115%, risk free interest rate of 2.5%, and weighted average expected option life of two years. The weighted average grant date fair value of the stock options was $0.43 per share.

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12. Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has incurred cumulative net operating losses of approximately $1,772,000 which commence expiring in 2023. 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 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. During the years ended December 31, 2005 and 2004, the valuation allowance established against the deferred tax assets increased by $415,300 and $199,200, respectively.

The components of the net deferred tax asset as at December 31, 2005 and 2004, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are indicated below:

	2005 $	2004 $
Net Operating Losses	1,772,000	585,500
Statutory Tax Rate	35%	35%
Effective Tax Rate		
Deferred Tax Asset	620,200	204,900
Valuation Allowance	(620,200)	(204,900)
Net Deferred Tax Asset		

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

Engagement of Manning Elliott LLP

We engaged Manning Elliott LLP, Chartered Accountants as our principal independent accountant effective May 4, 2005. We dismissed Amisano Hanson, Chartered Accountants ("Amisano Hanson") as our principal independent accountant effective May 4, 2005. The decision to change principal independent accountants has been approved by our board of directors.

Amisano Hanson s report dated April 14, 2005 on the balance sheets of Lincoln Gold Corporation as at December 31, 2004 and 2003 and the statements of operations, stockholders' deficiency and cash flows for the year ended December 31, 2004 and for the periods from inception (September 25, 2003) to December 31, 2004 and 2003 did not contain any adverse opinion or disclaimer of opinion, nor was it modified as to uncertainty, audit scope, or accounting principles.

In connection with the audits of the two fiscal years ended December 31, 2004 and 2003 and the subsequent interim period through to April 14, 2005, there were no disagreements with Amisano Hanson on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to the satisfaction of Amisano Hanson would have caused them to make reference thereto in their reports on our audited financial statements.

We provided Amisano Hanson with a copy of the foregoing disclosures and requested in writing that Amisano Hanson furnish us with a letter addressed to the Securities and Exchange Commission stating whether or not they agree with such disclosures. We received the requested letter from Amisano Hanson wherein they have confirmed their agreement to our disclosures. A copy of Amisano Hanson s letter has been filed as an exhibit to our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2005.

Engagement of Amisano Hanson

We dismissed DeMello & Company, Chartered Accountants ("DeMello & Company") as our principal independent accountant effective February 14, 2005. We engaged Amisano Hanson, Chartered Accountants as our principal independent accountant effective February 14, 2005. The decision to change principal independent accountants has been approved by our board of directors.

DeMello & Company's report dated February 23, 2004 on the balance sheets of Braden Technologies Inc. as at December 31, 2003 and 2002 and the statements of operations, stockholders' deficiency and cash flows for the years ended December 31, 2003 and 2002 did not contain any adverse opinion or disclaimer of opinion, nor was it modified as to uncertainty, audit scope, or accounting principles.

In connection with the audits of the two fiscal years ended December 31, 2003 and 2002 and the subsequent interim period through to February 14, 2005, there were no disagreements with DeMello & Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to the satisfaction of the DeMello & Company would have caused them to make reference thereto in their reports on our audited financial statements.

We provided DeMello & Company with a copy of the foregoing disclosures and requested in writing that DeMello & Company furnish us with a letter addressed to the Securities and Exchange Commission stating whether or not they agree with such disclosures. We received the requested letter from DeMello & Company wherein they have confirmed their agreement to our disclosures. A copy of DeMello & Company s letter has been filed as an exhibit to our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 17, 2005.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Our officers and directors are indemnified as provided by the Nevada Revised Statutes, our articles of incorporation and our bylaws.

Nevada Revised Statutes

Section 78.138 of the NRS provides for immunity of directors from monetary liability, except in certain enumerated circumstances, as follows:

Except as otherwise provided in NRS 35.230, 90.660, 91.250, 452.200, 452.270, 668.045 and 694A.030, or unless the articles of incorporation or an amendment thereto, in each case filed on or after October 1, 2003, provide for greater individual liability, a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that:

(a) His act or failure to act constituted a breach of his fiduciary duties as a director or officer; and

(b) His breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

Section 78.5702 of the NRS provides as follows:

1. A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he:

(a) Is not liable pursuant to NRS 78.138; or

(b) Acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

2. A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he:

(a) Is not liable pursuant to NRS 78.138; or

(b) Acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation.

3. To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections 1 and 2, or in

defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys fees, actually and reasonably incurred by him in connection with the defense.

Our Articles of Incorporation

Our articles of incorporation do not limit the automatic director immunity from liability under the NRS.

Our articles of incorporation further provide that, to the fullest extent permitted by NRS 78, a director or officer of the Corporation will not be personally liable to the Corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, provided that this article will not eliminate or limit the liability of a director or officer for:

(a) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law; or

(b) the payment of distributions in violation of NRS 78.300, as amended.

Our articles of incorporation further provide that:

1. we will indemnify to the fullest extent permitted by law any person (the Indemnitee) made or threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the Corporation) by reason of the fact that he or she is or was a director of the Corporation or is or was serving as a director, officer, employee or agent of another entity at the request of the Corporation or any predecessor of the Corporation against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees and disbursements) that he or she incurs in connection with such action or proceeding.

2. we will, from time to time, reimburse or advance to any Indemnitee the funds necessary for payment of expenses, including attorneys' fees and disbursements, incurred in connection with defending any proceeding for which he or she is indemnified by the Corporation, in advance of the final disposition of such proceeding; provided that the Corporation has received the undertaking of such director or officer to repay any such amount so advanced if it is ultimately determined by a final and unappealable judicial decision that the director or officer is not entitled to be indemnified for such expenses.

Our Bylaws

Our bylaws provide that we will indemnify our directors and officers to the fullest extent not prohibited by Nevada law; provided, however, that we may modify the extent of such indemnification by individual contracts with our directors and officers; and, provided, further, that we shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless:

(1) such indemnification is expressly required to be made by law;

(2) the proceeding was authorized by our Board of Directors;

(3) such indemnification is provided by us, in our sole discretion, pursuant to the powers vested us under Nevada law; or

(4) such indemnification is required to be made pursuant to the bylaws.

Our bylaws provide that we will advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the company, or is or was serving at the request of the company as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefore, all expenses incurred

by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under our bylaws or otherwise.

Our bylaws provide that no advance shall be made by us to an officer of the company, except by reason of the fact that such officer is or was a director of the company in which event this paragraph shall not apply, in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made: (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so

directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the company.

Opinion of the Securities and Exchange Commission

We have been advised that, in the opinion of the Securities and Exchange Commission, indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of our legal counsel the matter has been settled by controlling precedent, submit the question of whether such indemnification is against public policy to a court of appropriate jurisdiction. We will then be governed by the court's decision.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is a list of the expenses to be incurred by Lincoln Gold in connection with the preparation and filing of this Registration Statement. All amounts shown are estimates except for the SEC registration fee:

Securities and Exchange Commission registration fee	$16.04
Accounting fees and expenses	$5,000
Legal fees and expenses	$25,000
Transfer agent and registrar fees	$1,500
Fees and expenses for qualification under state securities laws	$0
Miscellaneous (including Edgar filing fees)	$2,000
Total	**$28,500.00**

We are paying all expenses of the offering listed above. No portion of these expenses will be borne by the selling shareholders. The selling shareholders, however, will pay any other expenses incurred in selling their common stock, including any brokerage or underwriting discounts or commissions paid by the selling shareholders to broker-dealers in connection with the sale of their shares.

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

We have completed the following issuances of securities without registration under the Securities act of 1933 (the 1933 Act) during the past three years:

March 26, 2004

We completed the acquisition of Lincoln Gold Corp. on March 26, 2004. The Company acquired all of the issued and outstanding shares of Lincoln Gold Corp. from the former shareholders of Lincoln Gold Corp. on closing of the acquisition. The Company issued 24,000,000 shares of the Company s common stock to the shareholders of Lincoln Gold Corp. in exchange for an aggregate of 2,400,000 shares of common stock of Lincoln Gold Corp. Of the shares issued, 5,000,000 shares were issued to four investors who are accredited investors , as defined in Rule 501 or Regulation D, pursuant to Rule 506 of Regulation D. The balance of the 19,000,000 shares were issued to eight shareholders who are non-U.S persons , as defined in Regulation S, pursuant to Rule 903 of Regulation S. All securities issued were issued as restricted securities and all certificates representing the shares issued will be endorsed with a legend confirming that transfer is restricted unless pursuant to a registration statement under the 1933 Act or pursuant to an exemption from the registration requirements of the 1933 Act.

May 31, 2004

On May 31, 2004, we completed a private placement with two investors of 700,000 shares at a price of $0.50 per share for total proceeds of $350,000 pursuant to Rule 903 of Regulation S of the Act. We did not pay any commissions or other fees in connection with the completion of the offering. We completed the offering of the

shares pursuant to Rule 903 of Regulation S of the Act on the basis that the sale of the shares 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 shares. 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 shares: (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.

December 20, 2004

On December 20, 2004, we completed a private placement with three investors of 2,040,000 units at a price of $0.30 per unit for total proceeds of $612,000 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 (a Warrant). Each Warrant entitles the investor to purchase one additional share of common stock for a two year period at a price of $0.40 per share during the period from the date of issue to the date that is one year from the date of issue and at a price of $0.50 per share during the period from the date that is one year from the date of issue to the date that is two years from the date of issue. We did not pay any commissions or other fees 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.

On December 20, 2004, we completed a private placement with two investors of 260,000 units at a price of $0.30 per unit for total proceeds of $78,000 pursuant to Rule 506 of Regulation D of the Act. Each Unit is comprised of one share of common stock and one share purchase warrant (a Warrant). Each Warrant entitles the investor to purchase one additional share of common stock for a two year period at a price of $0.40 per share during the period from the date of issue to the date that is one year from the date of issue and at a price of $0.50 per share during the period from the date that is one year from the date of issue to the date that is two years from the date of issue. We did not pay any commissions or other fees in connection with the completion of the offering. The sales were completed pursuant to Rule 506 of Regulation D of the Act on the basis that each investor is an accredited investor , as defined under Rule 501(a) of Regulation D of the Act. Each investor represented to us their intent to acquire the securities for investment purposes for their own account. No general solicitation or general advertising was undertaken in connection with the

offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Act or an applicable exemption from the registration requirements of the Act.

We have agreed to file a registration statement with the Securities and Exchange Commission in accordance with the requirements of the Securities Act of 1933 in order to register the resale by the investors of the shares and the shares issuable upon exercise of the warrants in each of the December 20, 2004 private placements of Units completed pursuant to Rule 903 of Regulation S and Rule 506 of Regulation D . We have agreed to file the registration statement within 120 days from the date of completion of the sale of the Units.

March 10, 2005

On March 10, 2005, we completed a private placement with forty-three investors of 2,045,000 units at a price of $0.30 per unit for total proceeds of $613,500 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 (a Warrant). Each Warrant entitles the investor to purchase one additional share of common stock for a two year period at a price of $0.40 per share during the period from the date of issue to the date that is one year from the date of issue and at a price of $0.50 per share during the period from the date that is one year from the date of issue to the date that is two years from the date of issue. We paid total commissions equal to $38,010 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.

On March 10, 2005, we completed a private placement with ten investors of 1,100,000 units at a price of $0.30 per unit for total proceeds of $330,000 pursuant to Rule 506 of Regulation D of the Act. Each Unit is comprised of one share of common stock and one share purchase warrant (a Warrant). Each Warrant entitles the investor to purchase one additional share of common stock for a two year period at a price of $0.40 per share during the period from the date of issue to the date that is one year from the date of issue and at a price of $0.50 per share during the period from the date that is one year from the date of issue to the date that is two years from the date of issue. We paid total commissions equal to $4,200 to a registered broker-dealer in connection with the completion of the offering. The sales were completed pursuant to Rule 506 of Regulation D of the Act on the basis that each investor is an accredited investor , as defined under Rule 501(a) of Regulation D of the Act. Each investor represented to us their intent to acquire the securities for investment purposes for their own account. No general solicitation or general advertising was undertaken in connection with the offering. All securities issued were endorsed with a restrictive legend confirming that the securities could not be resold without registration under the Act or an applicable exemption from the registration requirements of the Act.

We have agreed to file a registration statement with the Securities and Exchange Commission in accordance with the requirements of the Securities Act of 1933 in order to register the resale by the investors of the shares and the shares issuable upon exercise of the warrants in each of the March 10, 2005 private placements of Units completed pursuant to Rule 903 of Regulation S and Rule 506 of Regulation D. We agreed to file the registration statement within 120 days from the date of completion of the sale of the Units.

August 15, 2005

On August 15, 2005, we issued 300,000 shares of our common stock to two consultants. The shares were issued to the consultants as consideration for services provided by consultants. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933 (the Act). The consultants executed an investment agreement with us whereby they represented their status as sophisticated purchasers, confirmed their intention to acquire the shares for investment

purposes and acknowledged that the shares were restricted securities within the meaning of the Act. All certificates representing the shares were endorsed with a restrictive legend.

Almaden Minerals

We issued 50,000 shares of our common stock to Almaden Minerals in March 2006 in accordance with our obligations under the letter of intent entered into between us and Almaden Minerals for the La Bufa property. The issuance of the shares was completed pursuant to Rule 903 of Regulation S of the Act on the basis that the sale of the shares 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 shares. Almaden Minerals represented to us that it is not a U.S. person, as defined in Regulation S, and was not acquiring the shares for the account or benefit of a U.S. person. All certificates representing the shares 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 27. EXHIBITS.

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)
4.1	Form of Series A Warrant Certificate (7)
4.2	Form of Series B Warrant Certificate (7)
4.3	Form of Subscription Agreement (7)
5.1	Opinion of Lang Michener LLP, with consent to use, regarding the legality of the securities being registered (7)
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 9, 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)
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 (8)
23.1	Consent of Independent Auditors, Amisano Hanson (9)
23.2	Consent of Independent Auditors, Manning Elliott LLP (9)
24.1	Power of Attorney (Included on the signature page of this registration statement)(7)

(1) Previously filed with the Securities and Exchange Commission (the SEC) as an exhibit to the Registrant s 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 for the six months ended March 31, 2004 filed May 24, 2004.
(4) Previously filed as an exhibit to our Quarterly Report on Form 10QSB for the six months ended June 30, 2004 filed August 6, 2004.
(5) Previously filed as an exhibit to our Quarterly Report on Form 10-QSB for the nine months ended October 30, 2004 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) Filed as an exhibit to this Amendment No. 1 to Form SB-2 filed with the SEC on February 16, 2006.
(8) Filed as an Exhibit to this Annual Report on Form 10-KSB for the year ended December 31, 2005 filed on March 31, 2006.
(9) Filed as an exhibit to this Amendment No. 2 to Form SB-2.

ITEM 28. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in this registration statement; provided that any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in the volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(c) To include any material information with respect to the plan of distribution,

provided, however, that paragraphs (a) and (b) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 14(d) of the Securities Exchange Act of 1934.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered hereby which remain unsold at the termination of the offering.

4. That, for the purpose of determining liability of the undersigned small business issuer under the Securities

Act to any purchaser in the initial distribution of the securities, the undersigned small business issuer undertakes that in a primary offering of securities of the undersigned small business issuer pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned small business issuer will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i)

Any preliminary prospectus or prospectus of the undersigned small business issuer relating to the offering required to be filed pursuant to Rule 424 of Regulation C of the Securities Act;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned small business issuer or used or referred to by the undersigned small business issuer;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned small business issuer or its securities provided by or on behalf of the undersigned small business issuer; and

(iv) Any other communication that is an offer in the offering made by the undersigned small business issuer to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the provisions above, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities, other than the payment by us of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding, is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act of 1933, and we will be governed by the final adjudication of such issue.

Each prospectus filed pursuant to Rule 424(b) of the Securities Act of 1933 as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Vancouver, Province of British Columbia on April 5, 2006.

LINCOLN GOLD CORPORATION

By:

/s/ Paul Saxton
Paul Saxton
President, Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Accounting Officer)