LINCOLN GOLD CORP
Form 10KSB/A
July 19, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB/A

Amendment No. 1

(Mark One)

[X] **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: **December 31, 2006**

[ ] **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number: **0-25827**

LINCOLN GOLD CORPORATION

(Name of small business issuer in its charter)

NEVADA	**88-0419475**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Suite 350, 885 Dunsmuir Street Vancouver, British Columbia, Canada	**V6C 1N5**
(Address of principal executive offices)	(Zip Code)

Issuer s telephone number: **(604) 688-7377**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
Not Applicable	**Not Applicable**

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $0.001 par value

(Title of class)

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. [ ]

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

State issuer s revenues for its most recent fiscal year $NIL

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.) **$3,296,667 as of March 26, 2007**

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date. **43,656,666 shares of common stock as of March 26, 2007**

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

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-KSB hereby amends the Company s original Annual Report on Form 10-KSB for the year ended December 31, 2006, originally filed with the Securities and Exchange Commission on April 2, 2007 (the Original Form 10-KSB), as follows:

- a signed copy of the Report of our independent public accountants, Manning Elliott LLP, Chartered Accountants, dated March 22, 2007, is included in this Amendment No. 1 to our Form 10-KSB. The signed Report was inadvertently not included in the Form 10-KSB; and
- the Company s audited financial statements for the years ended December 31, 2006 and 2005 are amended by amending Note 8 entitled Stock Options to include the disclosures required by SFAS 123(R), paragraph 84.

ITEM 7. FINANCIAL STATEMENTS

Our audited consolidated financial statements, as set forth below, are included with this Amendment No. 1 to our Annual Report on Form 10-KSB:

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 sheets of Lincoln Gold Corporation as of December 31, 2006 and 2005, and the related consolidated statements of operations, cash flows and stockholders' equity (deficit) for the years then ended and accumulated from September 25, 2003 (Date of Inception) to December 31, 2006. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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 audits provide 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, 2006 and 2005, and the results of its operations and its cash flows for the years then ended and accumulated from September 25, 2003 (Date of Inception) to December 31, 2006 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, has a working capital deficiency, 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 22, 2007

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

	December 31, 2006 $	December 31, 2005 $
ASSETS		
Current Assets		
Cash	21,961	132,806
Prepaid expenses and deposits	4,893	11,302
Total Current Assets	26,854	144,108
Property and Equipment (Note 3)	4,440	7,328
Total Assets	31,294	151,436
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	35,467	20,474
Accrued liabilities	14,990	12,097
Due to related parties (Note 5(b))	6,760	8,080
Note payable (Note 6)	100,000	100,000
Total Liabilities	157,217	140,651
Commitments and Contingencies (Note 1 and 4)		
Stockholders Equity (Deficit)		
Common Stock, 100,000,000 shares authorized, $0.001 par value;		
42,990,000 and 41,865,000 shares issued and outstanding, respectively	42,990	41,865
Additional Paid-in Capital	3,294,863	3,092,488
Common Stock Subscribed (Note 7(a))	73,333	-
Deficit Accumulated During the Exploration Stage	(3,537,109)	(3,123,568)
Total Stockholders Equity (Deficit)	(125,923)	10,785
Total Liabilities and Stockholders Equity (Deficit)	31,294	151,436

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(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 From September 25, 2003 (Date of Inception) to December 31, 2006 $	Year Ended December 31, 2006 $	Year Ended December 31, 2005 $
Revenue	-	-	-
Expenses			
Depreciation	4,866	2,888	1,978
Foreign exchange loss	5,833	2,043	2,115
General and administrative (Note 5(a))	2,437,402	294,656	730,433
Impairment of mineral properties (Note 2(h))	65,000	10,000	55,000
Mineral exploration	899,504	95,852	529,017
Total Expenses	3,412,605	405,439	1,318,543
Loss From Operations	(3,412,605)	(405,439)	(1,318,543)
Other Income (Expense)			
Accounts payable written off	33,564	-	33,564
Interest income	11,005	2,591	8,414
Interest expense	(47,721)	(10,693)	(17,981)
	(3,152)	(8,102)	23,997
Net Loss	(3,415,757)	(413,541)	(1,294,546)
Net Loss Per Share Basic and Diluted		(0.01)	(0.03)
Weighted Average Shares Outstanding		42,366,000	41,079,000

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(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 From September 25, 2003 (Date of Inception) to December 31, 2006 $	Year Ended December 31, 2006 $	Year Ended December 31, 2005 $
Operating Activities			
Net loss	(3,415,757)	(413,541)	(1,294,546)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accounts payable written off	(33,564)	-	(33,564)
Depreciation	4,866	2,888	1,978
Impairment of mineral properties	65,000	10,000	55,000
Stock-based compensation	1,218,996	73,333	108,000
Changes in operating assets and liabilities:			
Prepaid expenses and deposits	(4,893)	6,409	(11,302)
Account payable and accrued liabilities	(18,349)	17,886	(47,130)
Due to related parties	6,760	(1,320)	(219)
Net Cash Used in Operating Activities	(2,176,941)	(304,345)	(1,221,783)
Investing Activities			
Cash acquired on acquisition of subsidiary	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)
Financing Activities			
Advances from related parties	4,180	-	-
Repayment of advances from related parties	(4,180)	-	(4,180)
Proceeds from loan payable	46,000	-	-
Repayment of loan payable	(46,000)	-	(46,000)
Issuance of note payable	100,000	-	(100,000)
Proceeds from issuance of common stock	2,226,850	215,000	1,483,500
Share issuance costs	(63,710)	(21,500)	(42,210)
Net Cash Flows Provided by Financing Activities	2,263,140	193,500	1,291,110
Increase (Decrease) in Cash	21,961	(110,845)	5,021
Cash Beginning of Period	-	132,806	127,785
Cash End of Period	21,961	21,961	132,806
Non-cash Investing and Financing Activities			
Shares issued for mineral property costs	10,000	10,000	-
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, 2006
(Expressed in U.S. dollars)

	Common Stock		Stock Subscriptions Receivable	Additional Paid-in Capital	Common Stock Subscribed	Deficit Accumulated During the Exploration Stage	Total
	Number of Shares	Amount $	$	$	$	$	$
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	3,145,000	3,145	-	940,355	-	-	943,500
Share issuance costs	-	-	-	(42,210)	-	-	(42,210)
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

Shares issued for mineral property at $0.20 per share	50,000	50	-	9,950	-	-	10,000
Shares issued for cash at $0.20 per share	1,075,000	1,075	-	213,925	-	-	215,000
Share issuance costs	-	-	-	(21,500)	-	-	(21,500)
Shares to be issued	-	-	-	-	73,333	-	73,333
Net loss for the year	-	-	-	-	-	(413,541)	(413,541)
Balance, December 31, 2006	42,990,000	42,990	-	3,294,863	73,333	(3,537,109)	(125,923)

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(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, 2006
(Expressed in U.S. dollars)

1. Nature of Operations and Continuance of Business

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

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 consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company s interests in the underlying properties, and the attainment of profitable operations. As at December 31, 2006, the Company has never generated any revenues, has accumulated losses of $3,415,756 since inception of the development stage, and has a working capital deficiency of $130,363. These factors raise substantial doubt regarding the Company s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management plans to 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. The Company filed an amended SB-2 Registration Statement with the U.S. Securities and Exchange Commission, which was declared effective on July 14, 2006, to register and offer up to 2,857,143 units at a price of $0.20 per unit. Each unit consisted of one share of common stock, one-half Class A Warrant and one Class B Warrant. The first tranche of this offering closed on July 27, 2006 and consisted of 1,075,000 units at $0.20 per unit for net proceeds of $193,500 after stock issuance costs of $21,500.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. The Company s fiscal year-end is December 31.

b) Use of Estimates

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

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2006
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

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 consolidated statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-covered method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS and the weighted average number of common shares exclude all dilutive potential shares since their effect is anti dilutive. Shares underlying these securities totaled 7,147,500 as of December 31, 2006.

d) Comprehensive Loss

SFAS No. 130, Reporting Comprehensive Income , establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. As at December 31, 2006 and 2005 the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the consolidated 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 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 fiscal year ended December 31, 2006, mineral property costs totaling $10,000 were impaired as there are no proven or probable reserves on these properties.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2006
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

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 consolidated financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

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 consolidated 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 consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

l) Stock-based Compensation

Prior to January 1, 2006, the Company accounted for stock-based awards under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees using the intrinsic value method of accounting, under which compensation expense was only recognized if the exercise price of the Company s employee stock options was less than the market price of the underlying common stock on the date of grant. Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123R Share Based Payments , using the modified prospective transition method. Under that transition method, compensation cost is recognized for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. Results for prior periods have not been restated. There was no effect on the Company s reported loss from operations, cash flows of loss per share as a result of adopting SFAS No. 123R.

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

m) Recent Accounting Pronouncements

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

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2006
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

m) Recent Accounting Pronouncements (continued)

In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for periods ending after November 15, 2006. The adoption of this statement did not have a material effect on the Company's reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R) . This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. The adoption of this statement did not have a material effect on the Company's reported financial position or results of operations.

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

In June 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statements No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a two-step method of first evaluating whether a tax position has met a more likely than not recognition threshold and second, measuring that tax position to determine the amount of benefit to be recognized in the consolidated financial statements. FIN 48 provides guidance on the presentation of such positions within a classified statement of financial position as well as on derecognition, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". This statement requires all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, and permits for subsequent measurement using either fair value measurement with changes in fair value reflected in earnings or the amortization and impairment requirements of Statement No. 140. The subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value eliminates the necessity for entities that manage the risks inherent in servicing assets and servicing liabilities with derivatives to qualify for hedge accounting treatment and eliminates the characterization of declines in fair value as impairments or direct write-downs. SFAS No. 156 is effective for an entity's first fiscal year beginning after September 15, 2006. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

Lincoln Gold Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2006
(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

m) Recent Accounting Pronouncements (continued)

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments-an amendment of FASB Statements No. 133 and 140", to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, "Accounting for the Impairment or Disposal of Long-Lived Assets", to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

3. Property and Equipment

	Cost $	Accumulated Depreciation $	December 31, 2006 Net Carrying Value $	December 31, 2005 Net Carrying Value $
Computer hardware	4,676	2,461	2,215	3,774
Computer software	1,345	1,289	56	729
Office equipment and fixtures	3,285	1,116	2,169	2,825
	9,306	4,866	4,440	7,328

4. Mineral Property Interests

a) Hannah Property

On December 24, 2003, the Company entered into an option agreement to acquire a 100% interest in twenty-three unpatented lode claims situated in Churchill County, Nevada, USA. The option agreement called for net smelter royalties of 1% to 4% upon production. Pursuant to the option agreement, the Company is required to make option payments totaling $210,000 as follows:

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

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4. Mineral Property Interests (continued)

c) Buffalo Valley Property

On July 9, 2004, the Company entered into a mining lease agreement with Nevada North Resources (U.S.A.) Inc. (Nevada North) for a term of twenty years. The agreement called for the Company to make advance minimum royalties to the Lessor over the term as follows:

- $10,000 upon exercise of the lease (paid);
- $20,000 by July 9, 2005 (paid);
- $20,000 by July 9, 2006 (lease terminated)

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5. Related Party Transactions

a) During the year ended December 31, 2006, the Company paid management fees of $42,250 (2005 - $49,098) and rent of $3,300 (2005 - $3,000) to the Vice President of the Company and management fees of $20,545 (2005 - $26,750) to a company owned by the President of the Company. Management fees and rent are included in general and administrative expenses.

b) As at December 31, 2006, the Company owed $6,760 (December 31, 2005 - $8,080) to various officers and directors and to a company controlled by the President of the Company. These amounts are unsecured, non-interest bearing and due on demand.

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8. 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:

	Number of Options	Weighted Average Exercise Price $
Balance, December 31, 2004	2,410,000	0.60
Exercised	(20,000)	0.60
Balance, December 31, 2005 and 2006	2,390,000	0.60

There are no unvested stock options as at December 31, 2006.

Additional information regarding stock options outstanding as at December 31, 2006 is as follows:

	Outstanding and Exercisable		
Exercise price	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price $
$0.60	2,390,000	0.44 years	0.60

The aggregate intrinsic value of stock options outstanding and vested as at December 31, 2006 is $262,900.

There was no difference in the Company's net loss or basic and diluted net loss per share for the year ended December 31, 2006 as a result of adopting SFAS No. 123R on January 1, 2006 than if it had continued to account for stock-based compensation under APB No. 25.

There were no share-based payments pursuant to APB No. 25 granted during the year ended December 31, 2005 therefore no SFAS No. 123 pro forma disclosures have been presented.

9. Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price $
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	0.44
Issued	1,612,500	1.02
Expired	(2,300,000)	0.50
Balance, December 31, 2006	4,757,500	0.68

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9. Share Purchase Warrants (continued)

As at December 31, 2006 the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
3,145,000	0.50	March 10, 2007
537,500	0.35	July 27, 2007
1,075,000	1.35	July 27, 2010
4,757,500		

10. 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 $2,186,000 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, 2006 and 2005, the valuation allowance established against the deferred tax assets increased by $144,900 and $415,300, respectively.

The components of the net deferred tax asset as at December 31, 2006 and 2005, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are indicated below:

	2006 $	2005 $
Net Operating Losses	2,186,000	1,772,000
Statutory Tax Rate	35%	35%
Effective Tax Rate		
Deferred Tax Asset	765,100	620,200
Valuation Allowance	(765,100)	(620,200)
Net Deferred Tax Asset		

11. Subsequent Event

Subsequent to December 31, 2006, the Company issued 666,666 shares of common stock for consulting services rendered in fiscal 2006. See Note 7(a).

ITEM 13. EXHIBITS

The following exhibits are attached to this Amendment No. 1 to our Annual Report on Form 10-KSB:

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)
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 LLP (7)
10.11	Option Agreement for the Bufa Property dated April 12, 2007 between Almaden Minerals Ltd., Minera Gavilan, S.A. de C.V. and Lincoln Golf Corp.(8)
10.12	Form of Subscription Agreement for the $0.10 Unit private placement (9)
23.1	Consent of Independent Auditors, Manning Elliott LLP (10)
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act (10)
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (10)

(1) Previously filed with the Securities and Exchange Commission 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 the Company s Current Report on Form 8-K filed on March 16, 2004.
(3) Previously Filed as an Exhibit to the Quarterly Report on Form 10-QSB filed May 24, 2004.
(4) Previously filed with the Securities and Exchange Commission as an exhibit to the Company s Form 10QSB originally filed August 6, 2004.
(5) Previously filed as an Exhibit to the Company s Quarterly Report on Form 10-QSB filed November 15, 2004.

(6) Previously filed as an Exhibit to our Annual Report on Form 10-KSB for the year ended December 31, 2004 filed on April 18, 2005.
(7) Previously filed as an Exhibit to our Annual Report on Form 10-KSB for the year ended December 31, 2005 filed on March 31, 2006.
(8) Previously filed as an exhibit to the Company s Current Report on Form 8-K filed on April 18, 2007.
(9) Previously filed as an exhibit to the Company s Current Report on Form 8-K filed on May 18, 2007.
(10) Filed as an Exhibit to this Amendment No. 1 to our Annual Report on Form 10-KSB.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINCOLN GOLD CORPORATION

Per: */s/ Paul F. Saxton*

Paul F. Saxton, President
Chief Executive Officer and Chief Financial Officer
Director
Date: July 13, 2007

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Per: */s/ Paul F. Saxton*

Paul F. Saxton, President
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer)
(Principal Financial Officer and Principal
Accounting Officer)
Director
Date: July 13, 2007

Per: */s/ Andrew Bowering*

Andrew Bowering
Director
Date: July 13, 2007

Per: */s/ James Chapman*

James Chapman
Director
Date: July 13, 2007