SIDNEY RESOURCES CORPORATION
LUCKY BEN MINE GROUP
PROJECT UPDATE JANUARY 2016

The 2016 season will soon be upon us and we are working to ensure we are able to continue to move the project forward as soon as we can access the property when the snow resides and the road is stable enough for access. We are working with our Geologist and Mining Engineer to develop a plan of action that first provides us with improved sampling and mapping of the existing underground structures. We are also working on a plan that would allow us to move into limited production for gold and silver this season. The key to our success is funding. We have made significant progress during the 2015 season but we have reached a point where we must raise additional funding to continue.

The following is a breakdown with the estimated budgeted expenditures of what we plan to accomplish this season once funding has been secured:

- $70,000 Clear the blockage in the tunnel. We have a current bid from our mining contractor to remove the blockage and secure the tunnel entrance. We are exploring options to reduce this cost while accomplishing the same goal. It is estimated to take 10 days to clear the blockage.
- $10,000 Complete sampling at 5 foot intervals throughout the existing underground structures and complete mapping of these structures. The purpose of this work is to provide a significantly more accurate assessment of the value of the gold and silver located within the existing vein structure.
- $10,000 Provided the assay results from the sampling done in the underground structures indicate there is between 1500 and 2000 tons of ore accessible we would move forward with the processing of ore this summer. This would be accomplished by acquiring a 15 ton per day mill and moving it on to the property to eliminate hauling costs. The 1500 to 2000 tons of reserves would allow us to process ore and operate throughout the season. We would construct a holding pond on the property for water and use the ground water that flows from the tunnel. Ground water would be pumped and stored in a tank located on the property. The water used in the milling process would be recycled. We have located 2 mills that would fit our equipment needs.
- We have begun researching our ability to smelter the concentrate on site to avoid having to ship the concentrate to a smelter.
- $50,000 Construct a new access road that eliminates all water crossings and would provide deeded access from the Forest Service. This would eliminate the need for annual road access permits. It would greatly improve safety and access to the property.

- $10,000 Prior to the underground work, our Mining Engineer will complete and submit for approval and operations plan to the Mining Safety and Health Agency (MSHA).
- $40,000 Prior to work commencing on milling security enhancements to the property would be made. This would include gating of the access roads.
- $5,000 Develop a plan for managing tailings from the mill. We are exploring the possibility of placing the tailings back into the worked areas underground.
- $5,000 Develop our environmental protection plans and reclamation plans.
- Establish funding program to raise additional operating capital and expand operations.
- $50,000 Fees, permits, lease obligations, SEC filings

This work should provide us with operating capital to move the project forward and would continue each year. It could also provide the funding to start paying net proceeds to our unit program investors as well as to our Lessor, Leland Minerals. It is our opinion that based upon historical data we could obtain a minimum net profit of $400.00 dollars per ton processed which could result in a minimum net profit of $600,000.00 this season if we processed a minimum of 1500 tons of ore. At 2000 tons of ore at a net profit of $400.00 we could see a net profit of $800,000.00.

While this work is being done we would continue the exploration and planning for expanding capacity. This includes acquiring a larger mill and other properties located within and around the Warren Mine District.

Our goal is to raise $300,000.00 before May 1, 2016 to ensure we have the funding to move forward and have the equipment and contractors outlined to move into production as quickly as possible once the sampling work is complete. Our goal will be to store and process as much in ore reserves as possible and work on site as long as possible until the snow pushes us out. Depending upon our ability to construct a new road and the returns we are obtaining we would explore the concept of working well past the first snows as long as it is economically feasible

This plan would allow us to move forward without expensive drilling and would provide the necessary operating capital to move forward without having to go back to investors each year for funding.

We are currently negotiating with Leland Minerals to waive this years lease payments until such a time that we are in production. We have a good relationship with the Leland Minerals and talks are moving forward. The management at Leland Minerals have expressed they are very pleased with the progress that has been made this season and indicated we have made more progress in the last year than what has been accomplished over the past 12 years.

In addition to the work on site, we are exploring options to reducing the outstanding shares of stock currently on the market. Previously we sent letters to all our listed shareholders in an attempt to update contact information and raise funding. A process was used that provided us with a current address should the letter be undeliverable and we still received 88 percent of the

letters back as being undeliverable with no known forwarding address. We have begun a project to update and verify our shareholder list.

The following is a recap of what has been accomplished over the past year:

Work began on site at the Lucky Ben Mine Group properties located in the Warren Mining District in Central Idaho. The Lucky Ben Mine Group properties consists of three patented, deeded claims totaling 53 acres+/- and 2 unpatented claims totaling 80 acres +/-. Dan Hally of Sidney Resources Corporation and Project Geologist, Richard Morris, along with a small crew continued work to clear the Adit of material and water in preparation for work to begin on clearing the cave in located approximately 50 feet inside the tunnel.

Our Team was successful in clearing the Adit of debris and completed the work on a temporary drainage system to keep water from building within the tunnel. Accessible areas of the tunnel and main stoop were mapped and measured. The following pictures include the Adit prior to work being completed and work being done to clear the debris.

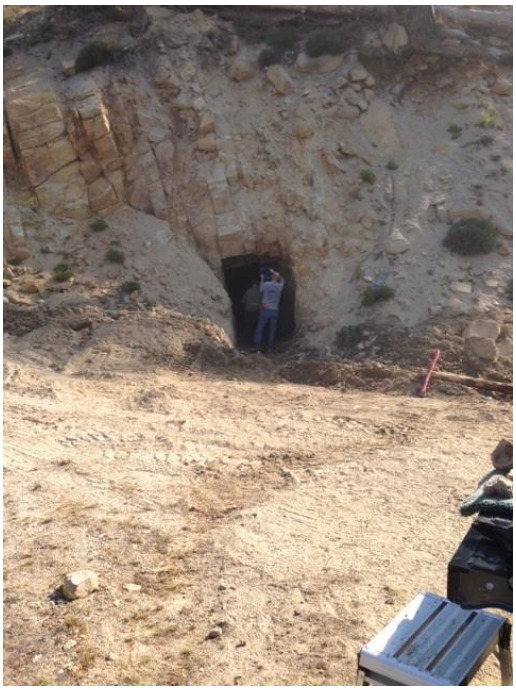






The following photos are of the crew working in the tunnel after debris and water was cleared. The photos with the ladder are of the raise which leads into the first stoop.

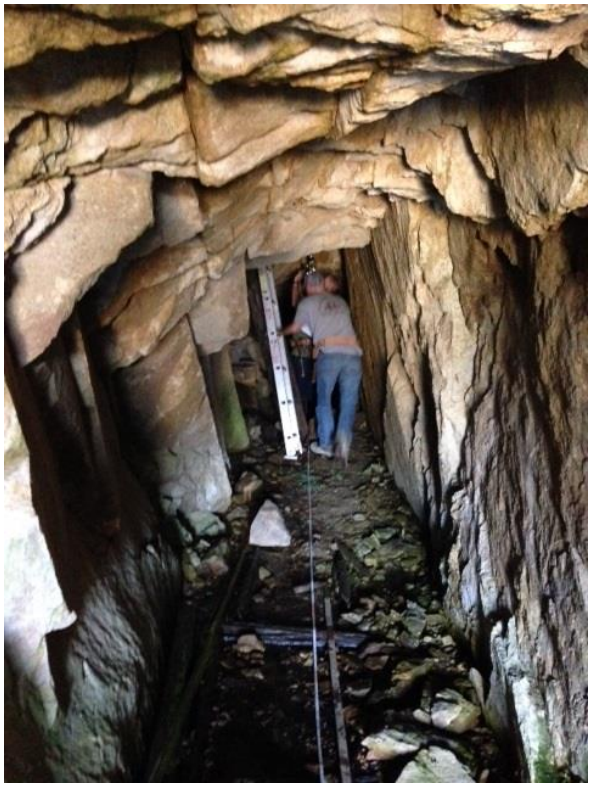










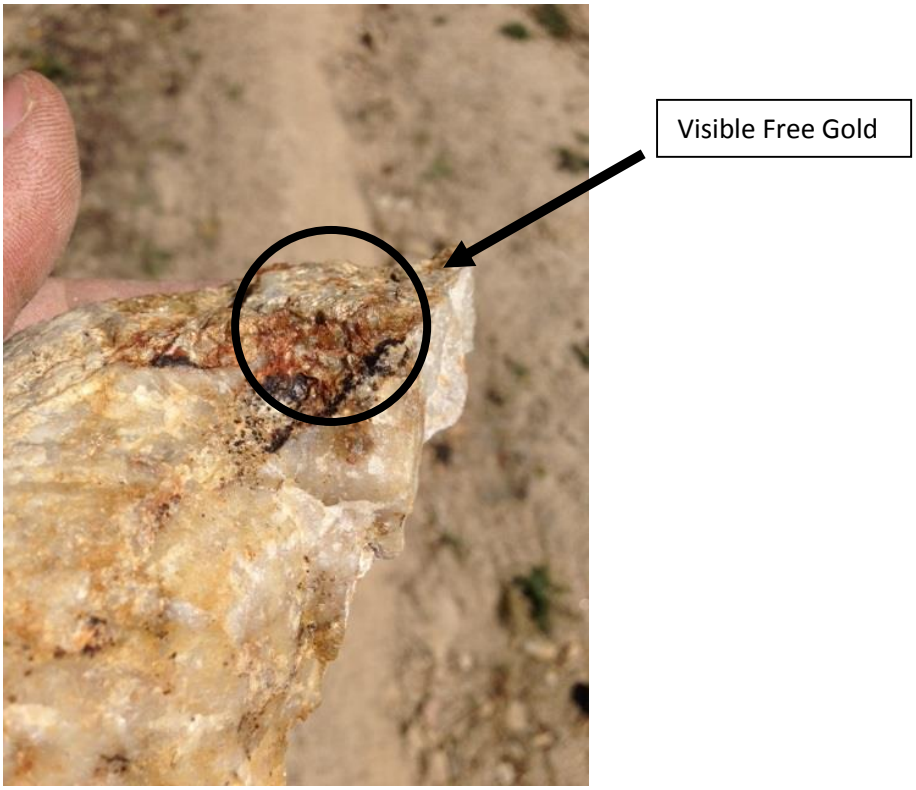






Trenching was completed in the area of the landing in front of the Adit which is one of the locations of the historical main dump. Road work in this area that was completed under the previous administration buried the dump well under parts of the road. Trenching was completed in an attempt to sample the historical dump and determine the economic feasibility of processing the dump contents. The results of the trenching at this time indicate that it wouldn't be economically feasible to process the dump material because it is highly diluted with overburden and fill from the road construction and landing construction that was previously completed in this area.

The first stope was accessed and strongly iron-oxidized vein quartz material was removed from the stope where the early mining activity stopped. The following are pictures of a few of the samples that were recovered. The first photo shows a sample removed from the vein structure near the surface and it contained visible free gold.











Our Project Engineer and Mining Contractor have completed an operation plan and cost estimate for removing the blockage and open the remaining tunnel for further sampling and inspection. The following photos are of the tunnel blockage.





Our focus is on raising the monies necessary to continue operating in 2016 and open up the tunnel so we can inspect and sample the existing underground structures including the shafts and stopes. Our Mining Contractor is ready to mobilize their equipment and crews once we have the funding secured but work will need to begin as soon as possible before winter arrives. They estimate 20 days to complete the work and once the tunnel is opened we can complete underground work even with snow on the ground as long as snow depths are manageable.

The removal of the blockage is imperative to the project moving forward and the following is an overview of how we the project will proceed.

CLEAN-OUT - Clean out the cave-in 50' from the tunnel entrance to gain access to the rest of the adit. Any other caved in areas also need to be cleaned out, including raises that may or may not have been driven to the surface. The adit must be completely accessible to the face (end of the existing tunnel), we must also pump out the winze, (An inclined or vertical shaft or passage between levels in a mine), as Czizek talked about in the Leland Transcript. It is very important that sampling be done at this location. The purpose of this work is to gain access to all areas that were mined, and also areas that were not mined, but showed quartz veining that could host potentially valuable mineralization.

SAMPLING - All areas that were mined should be sampled. Just because mining stopped in a particular area doesn't mean they were out of ore. It means they were out of V.G. (visible gold). Assaying in these areas may still show high enough gold/silver values to warrant continued exploration efforts. All quartz veins not mined should also be sampled. Just because they weren't mined doesn't necessarily mean they carry no values. The Czizek's were mining only material

that showed only visible gold like we found in the sample we collected. This doesn't mean that what was left has no values, it means that these areas just didn't meet their requirements at the moment. Careful attention should be paid to the winze because that was supposed to be carrying high grade gold values.

EXPLORATION/DEVELOPMENT – We are anticipating areas where exploration to develop reserves are obvious, once the sample assay results are plotted. Exploration in favorable areas should be planned and undertaken as assay results dictate. If good values show up from samples in the winze, then the question becomes "how do we check for the down-dip extension of this zone. Our Geologist has suggested that we drive a drift northward from the south-facing slope to cut the vein - say 100' below the adit level. Once the vein is crossed, slusher drifts could be driven 150' in each direction along the vein (300' total) to test the mineralization. If significant values are found then a raise (or raises) should be driven upward to the adit level to further explore & develop this (these) zone (zones). Other zones with significant gold/silver values should also be explored & developed. The object of this work is to show that yes, we do have X tons with the appropriate values and they can be economically mined. Economic mining, however, is contingent on a mining plan (to be developed) that shows the developed reserves can successfully mined This plan will have to be worked out so a minimum of dilution results from mining a narrow vein plus other costs, such as ore transportation to the mill, are shown to be feasible. With the assistance of our geologist, mining engineer and mining contractor we are developing our 5 year plan.

EXPLOITATION - The object of all this work is to see if the developed reserves can be economically mined. A costing plan will help determine this. Mining at the Lucky Ben will be a smaller scale in comparison to large mine operations and because of the narrow vein structure will have limited daily tonnage capacity. We are exploring a milling and processing solution for the ore once we move into full production.

We are continuing to explore alternatives to our current road access because of the challenges the current road creates. The current road which is known as the Arlise Gulch Road has a 31% grade and it is narrow and rocky. We are working with the U.S. Forest Service to identify a new road location that will eliminate the steep grades and water crossings. Two proposals are being drafted and work on permits will be completed during the winter. We completed additional survey work on the surface that helps us better identify the vein structure and help plan for future operations.

The Lucky Ben Mine is located in central Idaho in an area of historic gold mining, which included not only underground operations but also much placer mining with as many as 4 dredges in operation. Early surface exploration work at the Lucky Ben included both trenching and test pits. The major, most important work in the early 1900's included driving a 900' - 1,000' adit (tunnel) along the strike (direction) of a 1' - 2' wide, gold-bearing quartz vein. Several raises were also driven upward from the adit level to the surface to test the upward limits of the vein in favorable areas. One of these raises is still open and a camera lowered from the surface bottomed at the adit level, about 200' down. Although the picture wasn't too clear, it did show that a quartz vein was present in the raise and this will be an obvious area for sampling where accessible. The steep dip of the vein, the unfavorable topography, and the erratic nature of the

mineralization strongly suggests that all exploration and sampling should, and will, be done underground. This will be especially true in any areas that were mined in the past. It is hoped also that silver values will provide a favorable boost in assay values. Silver values were never included, or paid for, in the past operation.

Resource blocks will hopefully be developed upon receipt of assays from the sampling program. Past work at the Lucky Ben showed a 1' - 2' wide mineralized quartz vein was mined. Samples will be taken at 5' intervals to help determine where potential ore reserves might be located. Reserves will then be converted to "ore blocks" if favorable assays and a cost program show we can operate with an acceptable amount of dilution and still have an economically successful operation above an economic cut-off grade. Costs will include not only the mining cost, but also ore-to-mill transportation cost, milling cost, concentrate transportation cost from mill to smelter, and a favorable smelter settlement contract. Free gold recovered during milling might be smelted locally.

While the sampling program is ongoing, an internal exercise must be completed to determine what minimum mining width is likely to prevail, given the attitude of the veins and the competency and mineralogy of the veins and wall rocks. With the knowledge of the dilution factor applicable then an estimate must be made of the cost to mine and process the mineralized material and thereby generate an economic cutoff grade to apply to the subsequent resource estimation.

Over the past 8 months we have made significant progress in securing the necessary expertise to include our geologist and engineering consultants as well as identifying and securing a mining contractor. We now have a sound working relationship with the U.S. Forest Service and have the necessary expertise to move our operational plans forward for underground work that will meet Mine Safety and Health Administration requirements. These important steps when combined with the onsite work and improvements put us in a position where we are ready to continue moving forward as monies becomes available which will ensure the success of Sidney Resources Corporation.

Thank you for your patience and support as we keep working to explore, develop and ultimately move the property into production. Please reach out through the investment opportunity portion of our Web page if you are interested in helping us achieve this goal. We will continue to move Sidney Resources in a positive direction with the help and support of all the shareholders and investors that believe.

Sincerely, *Gregg Lindner*, President
Dan Hally, Vice President/Treasurer
Sidney Resources Corporation