SAN MARCO RESOURCES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 31, 2015 AND 2014

(Unaudited – Prepared by Management)

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF COMPREHENSIVE LOSS

STATEMENTS OF CASH FLOWS

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

NOTES TO FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SAN MARCO RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Unaudited - Prepared by Management
Expressed in Canadian Dollars

	August 31, 2015	November 30, 2014
ASSETS		
Current assets		
Cash	$ 70,002	$ 34,435
Marketable securities (Note 4)	4,859	15,998
Receivables	21,212	26,271
Prepaid expenses	8,539	2,451
	104,612	79,155
Non-current assets		
Reclamation deposit	2,000	2,000
Equipment	2,814	10,380
Exploration advances	2,607	3,365
Mineral properties (Note 5)	849,534	707,820
Total assets	$ 961,567	$ 802,720
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 23,326	$ 75,902
Loans from directors (Note 6)	-	45,179
	23,326	121,081
Non-current liabilities		
Deferred tax liability	39,000	39,000
Total liabilities	62,326	160,081
Shareholders' equity		
Share capital (Note 7)	9,697,984	9,141,643
Equity reserves (Note 7)	1,485,457	1,424,771
Deficit	(10,284,200)	(9,923,775)
	899,241	642,639
	$ 961,567	$ 802,720

Nature of operations and going concern (Note 1)
Subsequent event (Note 10)

APPROVED AND AUTHORIZED BY THE DIRECTORS ON OCTOBER 23, 2015:

" C. PRENTER ", Director

" R. STUART ANGUS ", Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SAN MARCO RESOURCES INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited - Prepared by Management

Expressed in Canadian Dollars

	Three months ended August 31, 2015	Three months ended August 31, 2014	Nine months ended August 31, 2015	Nine months ended August 31, 2014
EXPENSES				
Accounting and audit fees	$ 19,905	$ 3,247	$ 55,481	$ 25,381
Depreciation	1,576	4,395	6,812	13,569
Foreign exchange	4,683	(1,401)	9,295	(2,313)
(Gain)/Loss on disposal of equipment	-	447	(879)	447
Insurance	2,750	6,534	9,943	19,659
Interest (income)/expense (Note 6)	(249)	(13)	(62)	(365)
Investor relations	2,265	3,520	20,590	9,440
Legal and professional fees	6,399	1,480	34,898	21,612
Management and administration fees (Note 6)	3,750	23,594	12,623	125,794
Office and administration expenses	7,204	11,012	25,891	39,079
Other income	-	-	(8,714)	(9,717)
Property investigation	10,847	4,995	30,315	46,467
Rent	-	2,800	-	17,800
Share-based payments (Note 7c)	3,683	6,955	7,169	75,105
Transfer agent and filing fees	796	2,782	26,372	18,977
Travel	760	148	4,847	8,606
Unrealized loss on marketable securities (Note 4)	3,867	90,619	11,139	41,773
Write-down of mineral properties	114,705	-	114,705	2,046,463
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (182,941)	$ (161,114)	$ (360,425)	$ (2,497,777)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.22)
Weighted average number of common shares outstanding post-consolidation – basic and diluted (Note 7b)	25,499,712	12,283,712	22,653,931	11,430,975

SAN MARCO RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited - Prepared by Management
Expressed in Canadian Dollars

	Nine months ended August 31, 2015	2014
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	$ (360,425)	$ (2,497,777)
Items not affecting cash:		
Depreciation	6,812	13,569
Foreign exchange	758	-
(Gain)/loss on disposal of equipment	(879)	447
Interest expense (Note 6)	814	-
Share-based payments	7,169	75,105
Unrealized loss on marketable securities	11,139	41,773
Write-down of mineral properties	114,705	2,046,463
Changes in non-cash working capital items:		
Receivables	5,059	79,743
Prepaid expenses	(6,088)	(1,388)
Accounts payable and accrued liabilities	(29,369)	(31,409)
Finance expense paid	(993)	-
Net cash used in operating activities	(251,298)	(273,474)
INVESTING ACTIVITIES		
Mineral properties	(279,626)	(411,417)
Recovery of mineral property costs	-	128,952
Exploration advances	-	4,608
Proceeds on disposal of equipment	1,633	-
Acquisition of equipment	-	(389)
Net cash used in investing activities	(277,993)	(278,246)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	648,375	400,000
Share issuance costs	(38,517)	(23,238)
Repayment of loans from directors	(45,000)	-
Net cash provided by financing activities	564,858	376,762
INCREASE (DECREASE) IN CASH	35,567	(174,958)
CASH, BEGINNING OF THE PERIOD	34,435	245,323
CASH, END OF THE PERIOD	$ 70,002	$ 70,365

Supplemental disclosures with respect to cash flows (Note 8)

SAN MARCO RESOURCES INC.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Prepared by Management

Expressed in Canadian Dollars

	Share Capital Common Shares Number	Share Capital Common Shares $	Equity Reserves $	Deficit $	Total Shareholders' Equity $
Balance at November 30, 2013	10,673,712	8,763,950	1,349,131	(6,203,882)	3,909,199
Private placement	1,600,000	400,000	-	-	400,000
Issuance costs	-	(23,238)	-	-	(23,238)
Shares issued – Cuatro de Mayo project	10,000	1,750	-	-	1,750
Share-based payments	-	-	75,105	-	75,105
Loss and comprehensive loss for the period	-	-	-	(2,497,777)	(2,497,777)
Balance at August 31, 2014	12,283,712	9,142,462	1,424,236	(8,701,659)	1,865,039
Issuance costs	-	(819)	-	-	(819)
Share-based payments	-	-	535	-	535
Loss and comprehensive loss for the period	-	-	-	(1,222,116)	(1,222,116)
Balance at November 30, 2014	12,283,712	9,141,643	1,424,771	(9,923,775)	642,639
Private placement	12,967,500	648,375	-	-	648,375
Issuance costs – units, warrants, and cash	248,500	(92,034)	53,517	-	(38,517)
Share-based payments	-	-	7,169	-	7,169
Loss and comprehensive loss for the period				(360,425)	(360,425)
Balance at August 31, 2015	25,499,712	9,697,984	1,485,457	(10,284,200)	899,241

1. NATURE OF OPERATIONS AND GOING CONCERN

San Marco Resources Inc. ("the Company") was incorporated on September 27, 2005 under the *Business Corporations Act* of British Columbia. The Company's mailing address is Suite 302 – 8047 199 Street, Langley, BC, V2Y 0E2. The registered and records office address is Suite 704 – 595 Howe Street, Vancouver, BC, V6C 2T5.

The Company is engaged in the acquisition, exploration and development of precious metal properties in Mexico and Canada.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain resources that are economically recoverable. The realization of amounts shown for mineral properties and related deferred costs is dependent upon the discovery and exploitation of economically recoverable resources, the ability of the Company to obtain necessary financing to complete development, and attaining future profitable production or proceeds from the disposition of such properties.

These consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At August 31, 2015, the Company had not yet achieved profitable operations and has an accumulated deficit of $10,284,200 since its inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These uncertainties may cast significant doubt on the entity's ability to continue as a going concern. These consolidated 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.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2014, which have been prepared in accordance with IFRS as issued by IASB. The accounting policies adopted are consistent with those of the previous financial year, except for impact of recent accounting pronouncements as described in note 3 below. The Board of Directors approved the interim condensed consolidated financial statements on October 23, 2015.

Expressed in Canadian Dollars

3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC").

The following items have been issued and are effective for annual periods beginning on or after January 1, 2014:

- IAS 32 Financial Instruments: Presentation updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This is effective for annual periods beginning on or after January 1, 2014. The Standard did not have an impact on the financial statements of the Company.

- Effective December 1, 2014, the Company adopted IFRIC 21 'Levies'. This interpretation of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation had no impact on the financial statements of the Company.

4. MARKETABLE SECURITIES

The Company holds 17,500 common shares of Rise Resources Inc. which merged with its parent Patriot Minefinders Inc. on January 13, 2015 and also completed an 80:1 share consolidation. These shares were originally valued at $360,272 and obtained pursuant to an option agreement on the Company's La Buena property.

	August 31, 2015			November 30, 2014		
	# of Shares		Amount	# of Shares		Amount
Opening balance	17,500	$	15,998	17,500	$	163,551
Mark-to-Market valuation	-		(11,139)	-		(147,553)
	17,500	$	4,859	17,500	$	15,998

Expressed in Canadian Dollars

5. MINERAL PROPERTIES

	CUATRO DE MAYO PROJECT	ANGELES PROJECT	LOS CARLOS PROJECT	ALWIN PROPERTY	LA BUENA PROJECT	TECOMATE PROJECT	TOTAL MINERAL PROPERTIES
Balance at November 30, 2013	$ -	$ 411,177	$ 80,520	$ 1	$ 926,127	2,046,463	$ 3,464,288
Cash payment	5,451	16,549	-	-	-	-	22,000
Shares issued	1,750	-	-	-	-	-	1,750
Sampling, prospecting, study	21,120	-	1,348	-	3,037	-	25,505
Drilling	-	-	5,441	-	101,621	-	107,062
Field supplies and on-site expenses	16,173	3,961	1,311	-	6,839	-	28,284
Mineral rights	24,789	5,014	14,426	-	26,359	-	70,588
Geological consulting	36,243	11,733	7,454	-	21,652	-	77,082
Travel expenses	8,104	1,753	947	-	5,844	-	16,648
Property evaluation, field wages	6,759	18,369	350	-	22,510	-	47,988
Total for the year	120,389	57,379	31,277	-	187,862	-	396,907
Recovery of costs (cash)	-	7,077	-	-	(135,385)	-	(128,308)
Write-down of mineral properties	-	-	-	-	(978,604)	(2,046,463)	(3,025,067)
Balance at November 30, 2014	$ 120,389	$ 475,633	$ 111,797	$ 1	$ -	$ -	$ 707,820
				-			
Cash payment	36,814	-	-	-	-	-	36,814
Sampling, prospecting, study	28,173	-	-	-	-	-	28,173
Field supplies and on-site expenses	7,809	-	-	-	-	-	7,809
Mineral rights	35,382	1,055	2,908	-	-	-	39,345
Geological consulting	116,692	1,898	-	-	-	-	118,590
Travel expenses	19,441	-	-	-	-	-	19,441
Property evaluation, field wages	6,247	-	-	-	-	-	6,247
Total for the period	250,558	2,953	2,908	-	-	-	256,419
Write-down of mineral properties	-	-	(114,705)	-	-	-	(114,705)
				-			
Balance at August 31, 2015	$ 370,947	$ 478,586	$ -	$ 1	$ -	$ -	$ 849,534

Expressed in Canadian Dollars

Cuatro de Mayo

On May 13, 2014, the Company was granted an option to acquire a 100% interest in the Cuatro de Mayo property in Mexico for US$2,000,000 over 5 years as follows:

Payment Schedule	US$ Amount
May 13, 2015(paid)	10,000
November 13, 2015	10,000
May 13, 2016	10,000
November 13, 2016	25,000
May 13, 2017	50,000
November 13, 2017	100,000
May 13, 2018	200,000
November 13, 2018	810,000
May 13, 2019	785,000
Total	2,000,000

As part of the option agreement, the Company issued 10,000 common shares, valued at $1,750 to the vendor. The vendor will retain a 3% net smelter return ("NSR") royalty, of which, 1% can be purchased by the Company for US$1,500,000. If the Company exercises its option and discovers one million or more gold-equivalent ounces defined in Proven and Probable Reserve categories according to National Instrument 43-101, a bonus payment of US$500,000 would need to be paid.

On January 22, 2015, the Company signed an option agreement with Argonaut Gold Inc. ("Argonaut") to acquire a concession in the El Chunibas area of the Cuatro de Mayo District in northern Mexico. Under the terms of the agreement, the Company can earn a 100% interest in the concession by paying Argonaut a total of US$50,000 over two years: US$10,000 by April 22, 2015 (paid), US$15,000 by January 22, 2016, and US$25,000 by January 22, 2017. Argonaut will retain a 1% NSR royalty on any future production.

On January 27, 2015, the Company acquired 100% ownership of an additional claim in the El Chunibas area of the Cuatro de Mayo District in northern Mexico for US$10,000. There is no retained interest or future royalty payable to the counterparty to the acquisition agreement, a private Mexican citizen.

On February 10, 2015, the Company acquired from Argonaut a 100% interest in the Mariana I and Mariana II property concessions which are in the vicinity of the Cuatro de Mayo project. The payment terms consist of a 1% royalty to Argonaut on future production from the property, one half of which can be purchased back by the Company for US$2,000,000, and a one-time bonus payment of US$6 per ounce of gold contained in the Proven and Probable categories, payable at the commencement of commercial production.

Angeles

During the year ended November 30, 2013, the Company acquired a 100% interest in the La Gloria concession (part of Angeles project) for US$65,000.

Expressed in Canadian Dollars

Los Carlos

In April 2012, the Company acquired a 100% interest in the Los Carlos II property by staking. Management has decided to discontinue its interest in the project and therefore, the related acquisition and deferred exploration costs totaling $114,705 were written off to operations during the period ended August 31, 2015.

Alwin

Pursuant to an option agreement dated December 7, 2005, the Company acquired an undivided 100% interest in certain mineral claims situated in the Kamloops B.C. area. The claims are subject to a 2% NSR royalty.

6. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The remuneration of the directors, chief executive officer and the chief financial officer were as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Management fees [(i)]	$ 22,500	$ 27,500	$ 67,250	$ 109,000
Share-based payments	-	6,955	-	72,732
	$ 22,500	$ 34,455	$ 67,250	$ 181,732

[(i)] Management fees are included in management and administration fees (2015 - $12,623; 2014 - $109,000), property investigation (2015 - $9,501; 2014 - $nil) and in mineral property costs (2015 - $45,126; 2014 - $nil) in these interim consolidated financial statements.

At August 31, 2015, there was $2,250 (November 30, 2014 - $7,000) included in accounts payable and accrued liabilities that was owing to a related party for management fees.

Other transactions with related parties

During November 2014, certain directors of the Company provided loans totaling $45,000 to the Company. The loans bear interest at 10% per annum and are due on demand. During the current year, the Company accrued $728 (2014 - $179) in interest on such loans. The loans including interest of $907 were repaid on January 30, 2015.

Expressed in Canadian Dollars

7. SHARE CAPITAL AND EQUITY RESERVES

a) Authorized

Unlimited number of common shares without par value

b) Issued

During the nine months ended August 31, 2015, the following events occurred:

On December 22, 2014, pursuant to a special shareholders' resolution, the Company consolidated its shares on the basis of one new share for every five old shares. As a result of the share consolidation, the number of shares, options and warrants, the exercise price and weighted average exercise price, and the calculation of basic and diluted earnings per share for the year ended November 30, 2014 and the three and nine months ended August 31, 2015 have been adjusted based on the new number of shares.

On January 28, 2015, the Company completed a non-brokered private placement of 12,967,500 units at $0.05 per unit for gross proceeds of $648,375. Each unit consisted of one common share and one non-transferrable warrant. Each warrant is exercisable to purchase a further common share of the Company for three years, at $0.05 within the first year, $0.10 within the second year and $0.15 within the third year. The warrants have an accelerated provision such that the expiry date can be reduced to 20 trading days after notice thereof if, after May 28, 2015, the closing price of the Company's common shares for 15 consecutive trading days equals or exceeds $0.20 in the first year, $0.25 in the second year or $0.30 in the third year. Finders' fees of $20,825 in cash and legal fees of $17,692 were paid and, as well, 248,500 units were issued, representing 7% of the value of the units issued. In addition, the Company issued 950,000 broker warrants, exercisable on the same terms as the warrants contained in the units. The fair value of the warrants was estimated as at the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2015
Risk free interest rate	0.51%
Expected life of options	2 years
Expected dividend yield	0%
Expected stock price volatility	229%
Weighted average fair value per option	$0.056

During the year ended November 30, 2014, the following events occurred:

The Company issued 1,600,000 units at $0.25 per unit for gross proceeds of $400,000 less finders' fees of $16,590. Each unit consisted of one common share and one non-transferable warrant to purchase a further share for three years at a price of $0.25 within the first year or $0.50 within the second and third years. The warrants expire on April 24, 2017 and have an acceleration provision such that the expiry date can be reduced to 30 calendar days after notice thereof if the closing price of the Company's common shares equals or exceeds $1.00 for 15 consecutive trading days after the expiry of the four-month restricted resale period.

The Company issued 10,000 common shares valued at $1,750 pursuant to the Cuatro de Mayo option agreement.

Expressed in Canadian Dollars

c) Stock options

The Company has a stock option plan whereby the Company may from time to time, in accordance with the TSX Venture Exchange ("Exchange") requirements, grant to directors, officers, employees and consultants options to purchase common shares of the Company. In May 2015, the shareholders of the Company approved the amendment of the Company's incentive stock option plan (the "Plan"), revising it from a "20% fixed number" (2,134,600 prior to the amendment) stock option plan to a "10% rolling" plan. Based on the current issued capital, the Company has 2,549,971 common shares available for option under the Plan, which number includes currently outstanding options to purchase a total of 1,380,000 common shares. Under the amended plan, the options can be granted for a maximum of 5 years, the vesting provisions are determined by the Board of Directors and, the exercise price of each option shall not be less than the market price of the Company's stock as calculated immediately preceding the day of the grant and shall not be less than $0.10 per share.

The Company's stock option transactions are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at November 30, 2013	1,168,000	$0.90
Granted	420,000	$0.50
Forfeited	(133,000)	$1.06
Expired	(70,000)	$0.54
Options outstanding at November 30, 2014	1,385,000	$0.78
Granted	300,000	$0.10
Forfeited	(265,000)	$0.63
Expired	(40,000)	$1.50
Options outstanding at August 31, 2015	1,380,000	$0.64
Options exercisable at August 31, 2015	1,280,000	$0.68

As at August 31, 2015, the following stock options were outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date
4,000	$2.15	December 31, 2015
161,000	$1.50	May 9, 2016
10,000	$1.50	September 8, 2016
20,000	$1.50	September 21, 2016
580,000	$0.65	November 14, 2017
380,000	$0.50	December 8, 2018
125,000	$0.10	March 20, 2020
100,000	$0.10	April 30, 2020
1,380,000		

The fair value of stock options granted to directors, officers and employees during the nine months ended August 31, 2015 was $11,940 (2014 - $63,000). The Company recognized $7,169 (2014 - $75,105) of share-based payments relating to stock options that vested during the period. The fair value of each option grant was estimated as at the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Expressed in Canadian Dollars

	2015	2014
Risk free interest rate	0.53%	1.80%
Expected life of options	2.2 years	5 years
Expected dividend yield	0%	0%
Expected stock price volatility	221.1%	107.9%
Weighted average fair value per option	$0.04	$0.17

d) Warrants

The Company's warrant transactions are as follows:

	Number of Options	**Weighted Average Exercise Price**
Warrants outstanding at November 30, 2013	2,191,740	$1.10
Granted	1,600,000	$0.50 (1)
Expired	(2,191,740)	$1.10
Warrants outstanding at November 30, 2014	1,600,000	$0.50
Granted	14,166,000	$0.05 (2)
Warrants outstanding at August 31, 2015	15,766,000	$0.10

(1) Subsequent to August 31, 2015, these warrants were amended to have an expiry date of January 28, 2015 with an exercise price of $0.05 until January 28, 2016, $0.10 for the next year and $0.15 for the final year.
(2) Each warrant is exercisable to purchase a further common share of the Company for three years, at $0.05 within the first year, $0.10 within the second year and $0.15 within the third year.

Subsequent to August 31, 2015, a warrant exercise incentive program was announced (Note 10).

As at August 31, 2015, the following share purchase warrants were outstanding:

Number of Warrants	**Exercise Price**	**Expiry Date**
1,600,000	$0.50	April 24, 2017
14,166,000	$0.05	January 28, 2018
15,766,000		

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing activities		August 31, 2015		August 31, 2014
Issuance of 50,000 shares as part of the consideration for the Cuatro de Mayo project located in Mexico	$	-	$	1,750
Deferred exploration costs included in accounts payable and accrued liabilities	$	29	$	16,210

Expressed in Canadian Dollars

9. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada and Mexico in one business segment being the exploration and development of mineral properties. Geographical information for the Company's significant non-current assets is as follows:

August 31, 2015		Mineral Properties		Equipment
Canada	$	1	$	2,359
Mexico		849,533		455
	$	849,534	$	2,814

November 30, 2014		Mineral Properties		Equipment
Canada	$	1	$	6,741
Mexico		707,819		3,639
	$	707,820	$	10,380

10. SUBSEQUENT EVENT

a) Subsequent to August 31, 2015, on October 5, 2015, the 1,600,000 warrants expiring on April 24, 2017 were amended to have the same exercise price and expiry date as the 14,166,000 warrants expiring on January 28, 2018 with an exercise price of $0.05 until January 28, 2016, $0.10 in the following year and $0.15 in the final year.

b) Subsequent to August 31, 2015, on October 6, 2015 and October 15, 2015, the Company announced its warrant exercise incentive program was approved by the TSX Venture Exchange. Under the program, 14,567,500 warrants expiring on January 28, 2018 are amended such that each holder who exercises an outstanding warrant before October 30, 2015 shall be entitled to receive an additional non-transferable share purchase warrant entitling the holder to acquire one common share at an exercise price of $0.05 until October 16, 2018. The common shares issuable upon the exercise of the additional warrants will be subject to a four month restricted resale period. If a holder does not exercise the outstanding warrants before October 30, 2015, the warrants not exercised shall continue to be exercisable to purchase only common shares of San Marco on their original terms. As of October 23, 2015, 1,463,000 warrants have been exercised for proceeds of $73,150.