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## **INFORMATION CIRCULAR**

(As of August 13, 2019 (the “**Record Date**”) and in Canadian dollars except where indicated.)

### **PERSONS MAKING THIS SOLICITATION OF PROXIES**

**This Information Circular (“Circular”) is furnished in connection with the solicitation of proxies (“Proxies”) and voting instruction forms (“VIFs”) by the management of San Marco Resources Inc. (the “Company”) for use at the Special General Meeting of the holders (“Shareholders”) of common shares (“Shares”) of the Company (the “Meeting”) to be held at the time and place and for the purposes set out in the Notice of Meeting and at any adjournment thereof. It is expected the solicitation will be primarily by mail. Proxies and VIFs may also be solicited personally by employees of the Company. The cost of solicitation will be borne by the Company.**

Notice of the Meeting has been given in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian securities administrators (“**NI 54-101**”). Pursuant to NI 54-101, the Notice of Meeting, this Circular and the Proxy have been sent by the Company to its registered Shareholders (Shareholders holding a paper share certificate or Direct Registration Statement registered in their name). The Company intends to pay Broadridge Investor Services Inc. (“**Broadridge**”), on behalf of intermediaries such as stockbrokers, securities dealers, banks, trust companies, clearing agencies, trustees and their agents and nominees (“**Intermediaries**”), to send the Notice of Meeting, this Circular and a VIF to those unregistered (beneficial) Shareholders that have consented to the release of their addresses to the Company (“**NOBOs**”) but does not intend to pay Broadridge or any Intermediaries to forward such proxy material to those beneficial Shareholders that have refused to release their addresses to the Company (“**OBOs**”). Accordingly, OBOs will not receive such documents unless their respective Intermediaries assume the cost of forwarding them to the OBOs.

### **COMPLETION AND VOTING OF PROXIES AND VIFS**

#### **Voting**

Voting at the Meeting will be by a show of hands, each registered Shareholder and each person representing a registered or unregistered Shareholder through a Proxy or VIF (a “**Proxyholder**”) having one vote, unless a poll is required (if the number of Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested by a Shareholder, Proxyholder or the Chairman of the Meeting, whereupon each such Shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

To approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”) unless the motion requires a “special resolution” in which case a majority of 66-2/3% of the votes cast will be required.

#### **Appointment of Proxyholders**

The persons named in the Proxy or VIF as Proxyholders are directors or officers of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the persons named in the Proxy or VIF as Proxyholders to attend and vote on the Shareholder’s behalf at the Meeting. To exercise this right, the**

**Shareholder must insert the name of the Shareholder's nominee in the space provided or, if the Shareholder is a registered Shareholder, complete another Proxy.**

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll is held, by marking an "X" in the appropriate space of the Proxy or VIF. **If both spaces are left blank, the Proxy or VIF will be voted as recommended by management for any matter requiring a "For" or "Against" vote, and in favour of the matter for any matter requiring a "For" or "Withhold" vote.**

The Proxy or VIF must be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing. In the case of a corporation, the Proxy or VIF must be dated and executed under its corporate seal or signed by a duly authorized officer of, or attorney for, the corporation.

**The Proxy or VIF, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting.** The Company's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted as recommended by management.

**Shareholders may vote their completed Proxies and VIFs, in accordance with the instructions set out on the Proxy or VIF. If voting by mail, Shareholders must return their completed Proxies and VIFs, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, in accordance with the instructions set out on the Proxy or VIF.** Proxies (but not VIFs, unless the VIF has Computershare's name and address on the top right corner of the first page) may also be returned to the Company's transfer agent,

Computershare Trust Company of Canada (Attn: Proxy Department)

**Fax:** 1-866-249-7775 (within North America)  
(+1) 416-263-9524(outside North America)

**Mail:** 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Canada  
(toll free information line: 1-800-564-6253)

**Courier:** 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, Canada

**Proxies and VIFs received after the time set out in the Proxy or VIF for delivery thereof may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion.**

### **Registered Shareholders**

Only persons registered as Shareholders in the Company's Central Security Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized to make motions or vote at the Meeting.

### **Unregistered Shareholders**

Shareholders holding their Shares through Intermediaries will not be recognized nor may they make motions or vote at the Meeting except as described below.

If Shares are listed in an account statement provided to a Shareholder by an Intermediary, those Shares are probably not registered in the Shareholder's name. Such Shares will probably be registered in the name of the Intermediary or its nominee and can only be voted through a duly completed Proxy given by

the Intermediary. Without specific instructions, Intermediaries are prohibited from voting Shares for their clients. **Therefore, each unregistered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

NI 54-101 requires Intermediaries to seek voting instructions from OBOs in advance of Shareholder meetings. Intermediaries may have their own mailing procedures and provide their own form of VIF to clients, which should be carefully followed by unregistered Shareholders to ensure their Shares are voted at the Meeting. The VIF supplied to OBOs by Intermediaries is substantially similar to the Proxy provided by the Company directly to the registered Shareholders, however, it is limited to instructing the Intermediary (as the registered Shareholder) how to vote on behalf of the OBO.

Most Intermediaries in Canada and the United States of America (“USA”) delegate responsibility for obtaining instructions from OBOs to a third party corporation such as Broadridge. This third party corporation sends a machine-readable VIF to OBOs and asks the OBOs to return the VIFs to them or provide instructions to them through the Internet or by telephone. The third party corporation (or the Company or its agent, if it has sent the VIF to the NOBO directly) then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting.

Although an unregistered Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of an Intermediary, the unregistered Shareholder may attend the Meeting as Proxyholder for the Intermediary and indirectly vote the Shares in that capacity. **Unregistered Shareholders wishing to attend the Meeting and indirectly vote their Shares as their own Proxyholder, must enter their own names in the blank space on the VIF provided to them and return the VIF in accordance with the instructions provided on it. If an unregistered Shareholder receives a VIF and does not wish to attend the Meeting as a Proxyholder, the VIF must be returned, or instructions respecting the voting of Shares must be communicated, to the third party corporation (or the Company or its transfer agent) in advance of the Meeting to have the Shares voted in accordance with the instructions on that VIF.**

Shareholders with questions respecting the voting of Shares held through an Intermediary should contact that Intermediary for assistance.

### **United States Shareholders**

This solicitation of Proxies and VIFs involves securities of a corporation located in Canada and is being effected in accordance with the corporate and securities laws of the province of British Columbia, Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of British Columbia, Canada differ from the disclosure and proxy solicitation requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), some of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

## REVOCATION OF PROXIES AND VIFS

Shareholders have the power to revoke Proxies and VIFs previously given by them. Revocation of Proxies can be effected by an instrument in writing (which includes a Proxy bearing a later date) signed by a Shareholder or the Shareholder's attorney authorized in writing and, for a corporation, executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation. Such instrument must be delivered to Computershare as set out under "Completion and Voting of Proxies and VIFs – Appointment of Proxyholders" above, to the Company as set out under "Additional Information" below or to the Company's registered office

Northwest Law Group (Attn: Michael F. Provenzano)  
Suite 704, 595 Howe Street, Box 35  
Vancouver, British Columbia V6C 2T5  
Canada  
Fax: 1-866-687-5792 (toll free)

any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the commencement of the Meeting. VIFs may only be revoked in accordance with their specific instructions.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, any person who has held such a position since the beginning of the Company's last financial year, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

None of the directors of the Company have informed the Company's management in writing that they intend to oppose the approval of any of the matters set out in the Notice of Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Shares are the only class of shares of the Company entitled to be voted at the Meeting. All issued Shares are entitled to be voted at the Meeting and each has one non-cumulative vote. Only those Shareholders as at the end of business on the Record Date will be entitled to vote at the Meeting or any adjournment thereof. There were 67,916,082 Shares issued and outstanding as of the Record Date.

To the knowledge of the directors and executive officers of the Company, only those persons set out in the following table beneficially own, directly or indirectly, or exercise control or direction over Shares which, as of the Record Date, represented more than 10% of the voting rights attached to all outstanding Shares:

Name	Number of Shares	Percentage of Outstanding Shares
R.S. (Tookie) Angus <sup>(1)</sup>	8,838,400	13.01%

(1) R.S. (Tookie) Angus is the Chairman of the Board of Directors (the "Board") and a director of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of the Shareholders is being sought at the Meeting for the following matters.

### Option to acquire Buck Property

On July 16, 2019 the Company announced it had entered into an option agreement whereby it was granted the option to acquire a 100% interest in the Buck Property, an intermediate sulphidation, epithermal gold/silver zinc property near the town of Houston in north-central British Columbia. The optionors are Dick Billingsley, and his wife, Gaye Richards. A copy of the news release, which provides details of the Property, is available on the Company's website at [www.sanmarcocorp.com/news/2019](http://www.sanmarcocorp.com/news/2019) or under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The option agreement provides that upon incurring at least \$112,000 in exploration by December 31, 2019, consolidating the outstanding Shares on a three Shares into one into one common share (a "**Post-Consolidated Share**") basis and completion of the following, the Company will have exercised the option and earned a 100% interest in the Buck Property:

Due Date	Payment	Post-Consolidated Shares
Upon signing option agreement	\$25,000	0
Following 3:1 share consolidation	0	250,000
First anniversary of TSX-V* approval	\$25,000	400,000
Second anniversary of TSX-V* approval	\$25,000	500,000
Third anniversary of TSX-V* approval	\$25,000	750,000
Fourth anniversary of TSX-V* approval	\$50,000	1,000,000
Fifth anniversary of TSX-V* approval	\$150,000	1,100,000
<b>Totals</b>	<b>\$300,000</b>	<b>4,000,000</b>

\* TSX Venture Exchange

Once the option is exercised, the Company must grant the optionors a 2.5% net smelter returns royalty. The royalty can be reduced to 1.5% of net smelter returns in consideration of a payment of \$2,500,000 to the optionors made any time prior to the first anniversary of the commencement of commercial production.

An additional 4,000,000 Post-Consolidated Shares must be issued to the optionors upon the earlier of completion of a bankable feasibility study, the acquisition of more than 50% of the Post-Consolidated Shares by a third party acquirer (or group of acquirors acting in concert) in a take-over bid or the eighth anniversary of TSX-V approval of the option.

The option has been conditionally approved by the TSX-V. Final approval is subject to the Company satisfying a number of conditions, including filing or obtaining:

- **Geological report:** Dr. David G. Bailey, P. Geo has been commissioned to prepare a report on the Property in the form prescribed by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators. He has significant experience with the Property and previous exploration carried out on it. The report is expected to be received in mid to late August at which time it will be provided to the TSX-V for approval.

- Financial plan: The Company believes it has sufficient cash on hand to carry out the work program on the Property expected to be recommended in Dr. Bailey's report and the maintenance costs for six months following the receipt of TSX-V approval. It intends to file a financial plan with the TSX-V in evidence thereof.
- Title Opinion: A title opinion will be prepared and sent to the TSX-V.
- Shareholder Approval: Must be obtained for the three into one share consolidation.

### **Consolidation of Issued Common Shares**

As at the Record Date, the Company had 67,916,082 Shares issued and outstanding and, if the consolidation is completed, it will have 22,638,694 Post-Consolidated Shares issued and outstanding. The exercise price of outstanding incentive stock options to purchase 5,600,000 Shares (1,866,667 Post-Consolidated Shares) will be increased accordingly to reflect the share consolidation. **It is important to note that the share consolidation will not change each Shareholder's proportionate ownership interest in the Company.**

Certificates in respect of fractional common shares will not be issued in connection with the consolidation. If a Shareholder becomes entitled to receive a fraction of a common share, such fractional share, if less than one-half, shall be rounded down to zero and, if equal to or greater than one-half, shall be rounded up to one and added to the number of Shares to be held by the Shareholder.

The Company does not intend to change its name in connection with the consolidation, although its CUSIP number and ISIN will change.

Pursuant to the Company's Articles, the consolidation of its share capital requires the approval of the Shareholders by a special resolution. Accordingly, Shareholders will be asked to consider and, if considered advisable, pass the following special resolution at the Meeting:

“RESOLVED, as a special resolution, THAT:

1. the common shares without par value in the capital of the Company be consolidated on a 3:1 ratio, every three common shares before consolidation being consolidated into one common share; and
2. the Board of Directors be authorized, in its sole discretion and without further approval of the shareholders of the Company, to amend the special resolution consolidating the Company's shares as may be necessary to comply with any applicable legislation or policies or rules of the regulatory authorities, to set the effective date for the consolidation and to revoke the special resolution before it is acted upon.”

The consolidation will become effective on a date established by the TSX-V and the Company. If the resolution is passed but the Board does not make the consolidation effective within one year, the Board will not proceed with the consolidation until it obtains a new approval for a consolidation by the Shareholders.

**The Board recommends that Shareholders vote in favour of the proposed resolution.** The persons named in the Proxy or VIF as Proxyholders intend to vote the Shares represented by Proxies and VIFs in favour of the proposed resolution.

## Adoption of New Articles

A corporation's Articles are the corporate constitution which set out how various corporate matters must be carried out.

The Company's present Articles were adopted in 2005 and contain a number of provisions that the Board believes should be amended to reflect current best practices. The Board proposes, therefore, to adopt new Articles. The proposed Articles are lengthy and, therefore, have not been reproduced in this Circular, however, a copy may be obtained as set out under "Additional Information" at the end of this Circular. Further, the significant provisions and their suggested replacements include:

Matter	Approval required by	
	Present Articles	New Articles
Alteration of authorized share structure as follows <ul style="list-style-type: none"> <li>• share consolidation,</li> <li>• share subdivision</li> <li>• change of share name</li> </ul>	Special resolution Special resolution Special resolution	Board resolution Board resolution Board resolution
Creating a new class of shares	Special resolution	Ordinary resolution
Other changes to authorized share structure	Special resolution	Special resolution
Creating or amending special rights and restrictions attached to a class of shares	Special resolution	Ordinary resolution
Changing the Company's name	Special resolution	Board resolution
Other alterations to Articles	Special resolution	Board resolution
Majority of votes cast to qualify as a special resolution	66-2/3%	66-2/3%
Quorum required at shareholder meetings	Two shareholders present in person or represented by proxy and holding at least 5% of the outstanding Shares	Two shareholders present in person or represented by proxy
Casting vote at shareholder meetings	No casting vote	No casting vote

Under the Company's governing corporate legislation the adoption of new Articles requires approval of the Shareholders by a special resolution. That approval is being sought at the Meeting by way of the following resolution:

"RESOLVED, as a special resolution, THAT the existing Articles of the Company be cancelled and that the form of Articles submitted to the Meeting be adopted as the Articles of the Company in substitution for and to the exclusion of the existing Articles of the Company."

**The Board recommends that Shareholders vote in favour of the proposed resolution.** The persons named in the Proxy or VIF as Proxyholders intend to vote the Shares represented by Proxies and VIFs in favour of the proposed resolution.

## Other Matters

The Company's management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Shares represented by the Proxies and VIFs solicited hereby will be voted on such matters in accordance with the recommendations of management.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

To request copies of any document to be approved at the Meeting, Shareholders may contact the Company as follows:

**E-mail:**  
michael@nwlg.ca

**Fax:**  
(+1) 866-687-5792  
(toll free)

**Telephone:**  
(+1) 604-687-5792  
(collect calls accepted)

**Mail:**  
Suite 704, Box 35, 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada

**DATED** this 14<sup>th</sup> day of August 2019

### ON BEHALF OF THE BOARD OF DIRECTORS

(signed) MICHAEL F. PROVENZANO  
Corporate Secretary