SAN MARCO RESOURCES

Management's Discussion and Analysis
For the nine months ended August 31, 2020

GENERAL

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of San Marco Resources Inc. ("San Marco" or the "Company") for the nine months ended August 31, 2020 (the "Current Period"). This MD&A contains information up to and including October 29, 2020 and should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the Current Period, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities is available on SEDAR at www.sedar.com and the Company's web site at www.sanmarcocorp.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A that are not historical facts may be forward-looking statements and prospective. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. Readers are cautioned not to place undue reliance on these forward-looking statements. See also the **Caution Regarding Forward-Looking Statements** at the end of this MD&A.

OVERVIEW

The Company was incorporated on September 27, 2005 under the *Business Corporations Act* of British Columbia. The Company is engaged in the acquisition, exploration and advancement of mineral properties, currently active in British Columbia and Mexico. The Company has no operations from which to derive revenues and relies on its cash, raised through the issuance of common shares, in order to fund its exploration and general and administrative expenses.

During the Current Period, the Company:

- issued 266,667 flow-through common shares pursuant to a private placement for gross proceeds of $40,000;
- issued 5,813,703 units for gross proceeds of $784,850 wherein each unit consisting of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one common share for three years at a price of $0.20;
- issued 3,000,039 units for gross proceeds of $690,000 wherein each unit consisting of one common share and one share purchase warrant exercisable to purchase one common share for three years at a price of $0.30;
- issued 13,755,285 units for gross proceeds of $4,096,214. Each unit consisted of one flow-through common share and one-half share purchase warrant, with each whole warrant entitling the purchase of one (non-flow-through) common share for two years at a price of $0.34. The Company also paid cash finders' fees of $259,602 and issued a total of 858,513 finders' warrants, with each warrant exercisable to purchase one common share for two years at a price of $0.26 or $0.34.; and
- issued 152,052 common shares upon the exercise of share purchase warrants for gross proceeds of $20,140.

The Company's exploration portfolio includes but is not limited to the Buck Property in British Columbia, Canada, and the Chunibas, 1068, Espiritu SMR and Mariana projects in Mexico. These projects are discussed further under **Mineral Projects – Exploration and Acquisition Activities** below.

The business of mining and exploration involves a high degree of risk. As San Marco has no operations and is without revenues, it is entirely reliant on its current cash and upon future financings in order to fund its exploration and administration expenses. The Company's ability to secure future financing necessary to advance its projects, is dependent on numerous factors, many of which are outside of its control, including fluctuations in the Company's share price, investor perceptions and expectations, and global financial and metals markets. While these factors are dynamic and likely to change over time, at present, equity financing for mineral exploration companies is difficult and there can be no assurance that future financing will be available or secured. Furthermore, given the Company's recent share price and the current state of equity markets, such financing, if available, may be very dilutive to the Company's shares and shareholders. As it has in the past, the Company would likely seek additional financing through, but not limited to, the issuance of additional equity.

Title to mining properties involves certain inherent risks as well, particularly in foreign jurisdictions, including the difficulties of determining the validity of title and the potential for problems arising from numerous transfers of historical mining properties. The Company has diligently investigated the rights of ownership to all of the mineral concessions in which it has an interest and, to the best of its knowledge, such ownership rights are valid and in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

EXPLORATION AND ACQUISITION ACTIVITIES

British Columbia, Canada

The Company entered into an option agreement 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 Buck Property highlights include:

- large hydrothermal system, intensely altered breccia bodies possibly diatreme related, with mineralization open in all directions;
- considered to be part of the Telkwa Formation of the lower Jurassic Hazelton Group; similar to some major bulk tonnage gold deposits in B.C., such as Artemis Gold's Blackwater Gold Project;
- close proximity to several former operating mines: Equity Silver (Goldcorp), Endako (Centerra Gold Inc.) and Huckleberry (Imperial Metals Corporation) - mineralization hosted on those properties is not necessarily indicative of mineralization hosted at the Buck property;
- five diamond drill holes totalling 1,806 metres were completed on the property in April 2020 intersecting wide zones of continuous gold mineralization;
- 68 historic drill holes have been conducted within the Property - most holes ended in gold/silver/zinc mineralization;
- excellent exploration potential for possible new discoveries at multiple untested targets including structurally controlled gold/silver/zinc mineralization; and additional mineralized breccia bodies;
- road accessible with excellent infrastructure, including access to electrical and gas utilities, highways and major airports; and
- large land package totalling approximately 22,000 hectares.

To exercise the option and obtain a 100% interest in the Property, the Company must incur $112,000 in exploration expenditures by December 31, 2019 (incurred), and make cash payments totalling $300,000 and issue 4,000,000 common shares of the Company on or before October 9, 2024, being the fifth anniversary of the TSX Venture Exchange's approval of the option agreement. During the year ended November 30, 2019, the Company issued 250,000 common shares and made cash payments totalling $25,000. Subsequent to August 31, 2020, the Company issued an additional 400,000 common shares and made cash payments totalling $25,000.

On the exercise of the option, the optionors will be granted a 2.5% net smelter return royalty on any commercial production from the Property. An additional 4,000,000 common shares are also to be issued to the optionors upon the earlier of the completion of a bankable feasibility study or the eighth anniversary of the TSX Venture Exchange's approval of the option agreement.

Sonora, Mexico

Previous exploration activities were conducted in Sonora State, Mexico. Regional exploration was focused on various concessions totalling 90,092 hectares in the Sierra Madre mountains. A table outlining these properties is provided below.

Concession Group (i)	Acquired	Size (hectares)	Terms
Chunibas	January 2015; from Argonaut Gold Inc.	530	Owned 100% subject to a 1% net smelter return royalty.
Mariana	February 2015; from Argonaut Gold Inc.	72,820	Purchased for a 1% net smelter return royalty (one half of which can be purchased back by the Company for US$2.0 million) and a one-time bonus payment of US$6 per ounce of any gold contained in the Proven and Probable Reserve categories located on the Concession Group.
Suzanne	October 2017	2,159	Owned 100% subject to a 2% net smelter return royalty.
1068	September 29, 2017	1,795	Owned 100% subject to a 2% net smelter return royalty.
La Caridad Este	May 31, 2017	7,758	Owned 100% subject to a 2% net smelter return royalty.
San Martin	November 15, 2016	30	Owned 100%
La Gloria	August 13, 1993	6	Owned 100%
Espiritu SMR	October 12, 2018	2,711	Owned 100%
Los Ocotes	September 18, 2018	2,283	Owned 100%
Total		90,092	

(i) With respect to titles to the various concessions acquired by the Company, some have been transferred to it (in the case of purchased concessions) or remain with the underlying optionor (in the case of optioned concessions) with the exception of the Mariana I concession (one of the Mariana Concession Group), for which title was applied by Argonaut and which is currently awaiting issuance by the Registro Publico de Mineria (the Mexican public mining registry department). Pursuant to the Mariana purchase agreement, title to Mariana I concession will be transferred to the Company by Argonaut when such title is granted to Argonaut.

In May 2018 the Company announced the acquisition of two properties through the Mexican government lottery system. Both properties are located in Sonora State and within prolific mining districts.

On August 7, 2018, the Company entered into an Earn-In Agreement (the "Earn-In Agreement") with Antofagasta Minerals S.A. ("Antofagasta") whereby the Company granted Antofagasta the option to earn a 70% interest in the Company's Chunibas project by:

- Funding or incurring mineral property expenditures totalling US$8,000,000 on or before the fourth anniversary of the Earn-In Agreement. Antofagasta advanced US$100,000 for previously incurred expenditures and US$600,000 to the Company during the year ended November 30, 2018 for exploration costs to be incurred.

- Making cash payments totalling US$200,000 to the Company on or before the third anniversary of the Earn-In Agreement.

Upon earning the 70% interest in the Chunibas project, Antofagasta and the Company would enter into a Joint Venture agreement for further exploration of the Chunibas project.

The Company would act as the operator during the option period and be entitled to an operator's fee equal to 10% of all exploration expenditures on the Chunibas project other than airborne surveys and drilling costs for which the Company would be entitled to operator's fee equal to 5%.

The Company and Antofagasta mutually terminated the Earn-In Agreement during the year ended November 30, 2019.

During the Current Period, the Company recorded a write-down of $79,165 (2019 - $Nil), pertaining to the capitalized acquisition costs of the Cuatro de Mayo project in Mexico. Currently, the Company does not have any future exploration plans for the property.

Other Projects

La Caridad Este:

An initial field evaluation included geological mapping, limited rock chip sampling and stream sediment sampling have been completed on the concessions. Preliminary results warrant further exploration work over the areas with prospective alteration zones, however, no further work is planned at this time.

Suzanne:

This mining concession was staked after a target was identified by the Company's exploration alliance with GlobeTrotters. Exploration work, including rock sampling and mapping, was conducted with limited positive results. No further work is planned at this time.

Espiritu SMR:

This property was acquired through the government mineral concession lottery. This new land acquisition covers approximately 2,712 hectares and is located less than 30 km southeast of the Company´s Chunibas and 1068 projects. Exploration work may be conducted by the Company or other potential interested parties in the future.

Los Ocotes Property:

This property was acquired through the government mineral concession lottery. Los Ocotes property covers 2283 hectares of underexplored ground located 180 kilometres southeast of Hermosillo and 6 km northeast of Santana gold project (Minera Alamos Inc.). Exploration work may be conducted by the Company or other potential interested parties in the future.

SELECTED FINANCIAL INFORMATION

The following table sets out selected quarterly financial information derived from the Company's unaudited condensed interim consolidated financial statements for each of the eight quarters ended on the dates indicated below. The data should be read in conjunction with the Company's condensed interim consolidated financial statements for the Current Period and the notes thereto.

Period	Revenue	Net Loss	Basic and Diluted Loss per share
	$	$	$
3rd quarter ended August 31, 2020	Nil	722,320	0.02
2nd quarter ended May 31, 2020	Nil	726,368	0.02
1st quarter ended February 29, 2020	Nil	420,434	0.02
4th quarter ended November 30, 2019	Nil	201,970	0.01
3rd quarter ended August 31, 2019	Nil	247,076	0.01
2nd quarter ended May 31, 2019	Nil	155,393	0.00
1st quarter ended February 28, 2019	Nil	232,461	0.02
4th quarter ended November 30, 2018	Nil	326,404	0.01

The Company's quarterly and annual results will vary primarily in accordance with its exploration activities.

RESULTS OF OPERATIONS

The Company currently has no properties in production and, consequently, has no operating income or cash inflows with the exception of investment and other income. All expenses directly related to the acquisition of the Company's mineral properties have been capitalized as mineral properties. All other costs relating to exploration, evaluation and property maintenance are expensed as incurred.

OPERATIONS DURING THE NINE MONTHS ENDED AUGUST 31, 2020 COMPARED TO THE NINE MONTHS ENDED AUGUST 31, 2019

The Company incurred a loss of $1,869,122 during the Current Period compared to $634,930 during the nine months ended August 31, 2019 (the "Comparative Period"), resulting in an increase in loss of $1,234,192.

Some of the significant changes are as follows:

- Advertising and promotion: $90,936 (2019 - $Nil) – The increase in advertising and promotion expenses during the Current Period relate to the Company promoting the Company's current operations and projects in order to raise funds for exploration activities. Furthermore, the Company also presented advertising and promotion together with investor relations in the prior period.

- Exploration and evaluation: $828,627 (2019 - $214,866) – The increase in the exploration and evaluation expenses during the Current Period relate to the Company focusing on strategic targets in British Columbia on the Buck Property for which funds were raised during the Current Period.

- Investor relations: $169,531 (2019 - $15,397) – The Company increased investor relations expenditures during the Current Period in order to promote the Company and its mineral properties.

- Wages and benefits: $390,935 (2019 - $48,339) – Wages and benefits consist of share-based compensation related to stock options granted to directors, officers and consultants of the Company, and the salary paid to the Vice President of Technical Services. During the Current Period, the Company granted new stock options and recorded share-based compensation of $314,754 whereas in the prior period the Company recorded share-based compensation expense of $48,339 pertaining to previously issued stock options.

- Write-down of mineral property $79,165 (2019 - $Nil) – Write-down of mineral property during the Current Period pertains to the write-off of capitalized acquisition costs on the Cuatro De Mayo project in Mexico. No such write-down was recorded in the Comparative Period.

Other costs incurred for the Company's operations during the Current Period remained relatively consistent with those incurred during the Comparative Period.

OPERATIONS DURING THE THREE MONTHS ENDED AUGUST 31, 2020 COMPARED TO THE THREE MONTHS ENDED AUGUST 31, 2019

The Company incurred a loss of $722,320 during the three months ended August 31, 2020 ("Current Three Month Period") compared to $247,076 during the three months ended August 31, 2019 (the "Comparative Three Month Period"), resulting in an increase in loss of $475,244.

Some of the significant changes are as follows:

- Advertising and promotion: $39,688 (2019 - $Nil) – The increase in advertising and promotion expenses during the Current Three Month Period relate to the Company promoting the Company's current operations and projects in order to raise funds for exploration activities. Furthermore, the Company also presented advertising and promotion together with investor relations in the Comparative Three Month Period.

- Exploration and evaluation: $348,017 (2019 - $106,905) – The increase in the exploration and evaluation expenses during the Current Three Month Period relate to the Company focusing on strategic targets in British Columbia on the Buck Property for which funds were raised during the Current Period.

- Investor relations: $65,421 (2019 - $6,288) – The Company increased investor relations expenditures during the Current Three Month Period in order to promote the Company and its mineral properties.

- Wages and benefits: $150,733 (2019 - $Nil) – Wages and benefits consist of share-based compensation related to stock options granted to directors, officers and consultants of the Company, and the salary paid to the Vice President of Technical Services. During the Current Three Month Period, the Company recorded share-based compensation of $125,498, whereas in the Comparative Three Month Period, the Company recorded share-based compensation expense of $7,931 pertaining to previously issued stock options.

Other costs incurred for the Company's operations during the Current Three Month Period remained relatively consistent with those incurred during the Comparative Three Month Period.

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2020 and November 30, 2019 the Company's liquidity and capital resources were as follows:

	August 31, 2020	November 30, 2019
	$	$
Cash and receivables	4,282,283	434,806
Marketable securities	1,490	1,162
Prepaid expenses	32,530	47,847
Accounts payable	(137,525)	(28,166)
Working capital	4,092,344	455,649

As at August 31, 2020, the Company had $4,282,283 (November 30, 2019 - $411,091) in cash. The Company's plan is to continue to conserve its cash resources while focusing on further evaluating the current project portfolio.

During the Current Period the Company raised net proceeds of $5,275,537 (2019 - $Nil) from the issuance of common shares pursuant to private placements and exercise of warrants. A total of $828,627 was spent on exploration and evaluation activities (2019 - $214,866) and $12,678 was spent on acquisition of mineral properties (2019 - $Nil).

As at August 31, 2020, the Company had $3,954,133 in unspent flow-through funds which the Company is required to spend on flow-through eligible exploration activities. The Company is required to incur these expenditures before December 31, 2020 under the general rule and before December 31, 2021 under the look-back rule. The Government of Canada has announced that it may extend the look-back rule by one year which would mean the Company has until December 31, 2022 to incur these expenditures.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

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 and the chief executive officer for the nine months ended August 31, 2020 and 2019 were as follows:

	2020	2019
	$	$
Management fees (i)	114,200	265,976
Share based payments – included in wages and benefits	230,167	48,339
Total	**344,367**	**314,315**

(i) Management fees includes $67,300 (2019 – $81,900) in management fees and $46,900 (2019 - $184,076) in exploration and evaluation costs paid to related parties.

Transactions with other related parties

Certain of the Company's officers render services to the Company through entities in which they are an officer, director, or partner.

The Company incurred the following fees and expenses during the nine months ended August 31, 2020 and 2019 with these related parties as follows:

	2020	2019
	$	$
Accounting fees	55,300	45,000
Legal fees	40,378	38,173
Legal fees related to share issuance costs	58,100	-
Total	**153,778**	**83,173**

At August 31, 2020, there was $Nil (November 30, 2019 - $17,102) included in accounts payable and accrued liabilities that was owing to related parties for accounting and legal fees.

FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

As at August 31, 2020, the carrying values of the reclamation deposit and accounts payable approximate their fair values due to the short-term nature of these instruments. Cash and marketable securities are measured at fair value.

RISKS AND UNCERTAINTIES

The principal business of the Company is the acquisition and exploration of mineral properties.

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Readers are encouraged to thoroughly review the risks factors detailed in the Company's annual MD&A for fiscal 2019. Any one of such risk factors could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company. Risks and uncertainties of importance to San Marco and its operation include (but are not limited to) those related to:

- exploration
- operating in a foreign jurisdiction
- title to its properties
- the requirement for additional and ongoing funding
- global economic conditions
- its reliance on independent contractors
- the market price of the Company's shares and volatility thereof
- dilution of the Company's share capital
- future sales of shares by existing shareholders
- future profits or losses
- currency fluctuations
- competition
- loss of key employees
- conflicts of interest
- labour and employment matters
- acquisitions and integration
- environmental regulations
- factors beyond the Company's control
- litigation and tax
- operating hazards
- infrastructure
- no history of dividends

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Exploration and evaluation expenditures

Costs directly related to the acquisition of mineral properties are capitalized. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration, evaluation and property maintenance costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are expensed as incurred up to the date of establishing that property costs are economically recoverable and that the project is technically feasible.

If no economically viable ore body is discovered, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomical or abandoned.

Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee. During the Current Period, the Company adopted IFRS 16 *Leases*. The adoption of IFRS 16 did not have any impact on the Company's condensed interim consolidated financial statements.

CAPITAL MANAGEMENT

The objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet the Company's exploration plans to ensure the on-going growth of the business.

The Company considers the items in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized share capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, the Company had 50,195,424 common shares issued and outstanding, and options and warrants outstanding to purchase common shares as follows:

Number of Shares issuable under Options Outstanding	Exercise Price	Expiry Date
	$	
50,000	0.18	March 7, 2021
350,000	0.30	June 6, 2021
133,333	0.56	February 1, 2022
500,000	0.57	June 2, 2022
66,667	0.54	October 2, 2022
600,000	0.56	June 25, 2023
1,125,000	0.18	February 6, 2025
300,000	0.30	June 1, 2025
150,000	0.30	June 15, 2025
150,000	0.31	August 4, 2025
3,425,000		

Number of Shares issuable under Warrants	Exercise Price	Expiry Date
	$	
86,900	0.12	November 21, 2020
144,018	0.135	February 19, 2021
3,762,334	0.20*	November 21, 2022
2,766,852	0.20	February 19, 2023
3,000,039	0.30	May 29, 2020
7,332,503	0.34	July 23, 2020
403,653	0.26	July 23, 2020
17,496,299		

* The exercise price of these warrants will increase to $0.25 on November 22, 2021.

EFFECTIVENESS OF DISCLOSURE CONTROLS

The Company has internal controls over financial reporting to provide reasonable assurance as to the reliability of financial reporting and the preparation of financial statements prepared for external purposes are in accordance with IFRS. There is an inability to totally segregate duties due to the small size of the Company, but management believes these weaknesses have been mitigated through management and directors' involvement.

FUTURE PLANS AND OUTLOOK

Exploration

The Company's primary focus will be continuing exploration on and near the Buck Property. Results of compilation of historical data are very encouraging. The Phase 1 drill program was completed in Q2 2020.

San Marco's management and Board of Directors strongly believe that the Company's properties provide significant opportunity for increasing shareholder value.

San Marco's Board of Directors is currently assessing the Company's activities in Mexico. All exploration in Mexico is currently on hold as the Company determines its future plans in Mexico.

Corporate

Based on the completion of the recent private placement and common share issuances through the exercise of previously granted warrants, the Company expects to have sufficient financial resources to meet its administrative overhead expenses for the next twelve months. The Company bases its decisions regarding where to direct its exploration expenditures on a number of factors including the priority of targets, the type of exploration program required to add meaningful technical understanding, and the level of financial resources available to it and is therefore able to increase or decrease these expenditures as necessary depending on its level of funding. Nonetheless, as the Company has no revenues or sources of income at this time, it will be reliant on future financing to meet its ongoing working capital and exploration expenses.

While San Marco has been successful in raising capital in the past, there can be no assurance that additional capital will be available to it in the future. Such financing, if available, it may be very dilutive to the Company's shares and shareholders. As it has in the past, the Company would likely continue to seek additional financing through, but not limited to, the issuance of additional equity.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this document that are not historical facts may be forward-looking statements and prospective. These statements appear in a number of different places in this MD&A and can be identified by words such as "estimates", "projects", "expects", "intends", "continues" "plans", "may", "will", "could" or their negatives or other comparable words.

Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for the commencement or advancement of exploration activities on our properties, statements about future market conditions, forecasts of future costs and expenditures, the outcome of any legal proceedings, and other expectations, intention and plans that are not historical fact. Forward-looking statements are based on certain factors and assumptions including expected economic conditions, precious metal prices, results of operations, performance, and business prospects and opportunities.

The Company considers the factors and assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions readers that these assumptions may ultimately prove to be incorrect. Forward-looking statements by their nature necessarily involve risks, uncertainties and other factors including, without limitation, the risk that precious metal prices fluctuations could adversely affect the Company, that the Company's exploration activities may not result in profitable commercial mining operations, that competition in the precious metal industry could adversely affect the Company, that failure to obtain additional financing on a timely basis could cause the Company to reduce its interest in its properties, that compliance with and changes to environmental and other regulatory laws could adversely affect the Company, as well as other unanticipated and unusual events. These and other factors could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Consequently, all forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized.

For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Except as required by applicable securities laws (and the Company's disclosure policy), the Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

NI 43-101 DISCLOSURE

The technical information contained in this document has been verified, and the disclosure of such technical information has been approved, by San Marco's Chief Executive Officer, Robert D. Willis, P. Eng. a "Qualified Person" as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

All technical information for the Company's exploration programs is obtained and reported under a formal quality assurance and quality control (QA/QC) program. San Marco's sample collection, integrity, and quality control and assurance procedures are in line with industry best practices.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning San Marco's operating expenses and exploration costs is provided in the Company's consolidated statements of net and comprehensive loss and in Note 5 of the condensed interim consolidated financial statements and related notes for the nine months ended August 31, 2020 available on San Marco's website at www.sanmarcocorp.com or on its SEDAR company page accessed through www.sedar.com.

APPROVAL

The Audit Committee of the Company has approved the disclosure contained in this MD&A.