



**San Marco Increases Known Size of Chunibas Breccia Body
& Builds Geological Team
Drill Permits Received for Project 1068
& Road Cut Samples Results Pending**

Vancouver, B.C. – August 9th, 2017: San Marco Resources Inc. (SMN: TSX-V) ("San Marco" or "the Company") is renewing surface exploration of its 100% owned Chunibas property, with a focus on mapping the newly discovered intrusive related gold breccia body. Most of the recently completed drill holes bottomed in breccia, with some holes terminating in reasonable gold grades. Early indications suggest the breccia footprint is widespread with large scale potential. The current detailed mapping campaign should give a more accurate indication of the breccia's lateral extent and its relationship to known mineralization. San Marco has noted that mineralized structures as much as 800 metres west of current drilling have and are being mined by local gambosinos.

It is now apparent that the drill hole collar locations, azimuths and depth of the recently completed six hole program were, essentially, "random" in relation to the newly discovered breccia system's geometry and zoning since the Phase I drill holes being spotted based on a totally different geological model (see news release dated May 31, 2017). Now that the Company recognizes an intrusive hosted gold breccia system with much larger scale potential exists, exploration will concentrate on defining and targeting this new system. Mapping, detailed sampling, review and integration of previous surface soil and rock chip sample data will be used by San Marco's new team to generate a new geological model and vectoring process to target areas with higher grade potential for future drill campaigns.

To that end, the Company is pleased to have engaged Luciano Bocanegra to lead the team to re-map, sample, generate geological models and complete a vector analysis for the Chunibas property, as well as review similar analysis for the 1068 project. Mr. Bocanegra is currently Manager at Petra GAIA (a spectroscopy and exploration mining consulting company), located in Chile. As well, he is co-founder of a consulting company, Mineral Vector Services. Previous work engagements include services to Hochschild Mining plc and Rio Tinto plc in Argentina and Chile.

Bob Willis, San Marcos CEO stated, *"Our core drilling, the first on the property, has allowed us to recognize a new Intrusive related gold breccia system, the magnitude of which is unknown at this time. The area will be remapped to determine the surface extent of the breccia. Our widely spaced Phase I drill holes indicate the breccia is open to depth and laterally in all directions. While we need to understand zoning and other possible controls on gold emplacement in order to target the best areas in future drilling, we are highly encouraged that most core containing breccia assayed to date exhibits at least anomalous (greater than 50 ppb) gold values. It will be exciting times as we work to define the magnitude of the system, refine and better understand the geological model and locate zones of mineralization with economic interest. San Marco is taking this discovery very seriously and has engaged a team of experts who will immediately create and execute an aggressive exploration program. We are targeting mid-September for the completion of a definitive go forward plan"*.

Results and descriptions for holes 4 through 6 of the Phase I program are provided below. A map showing the location of the holes can be found at the following link: [Chunibas Geology and Drill hole location July 20-17.](#)

Hole CHD-04: Intersected breccia through the entire 202 metres of the hole. It appears that this hole is higher in the mineralized system, based on the elevated levels of pathfinder elements like arsenic and antimony, combined with lower gold values. This combination is typical of the higher levels of an intrusive related gold system.

Hole CHD 05: Drilled into what appears to be a residual block of non-eroded andesite (roof pendant). The hole did intercept breccia over 18 metres; including 2.0 metres of 0.28g/t gold ; 2 metres of 0.81 g/t gold, including 0.85 metres of 1.38 g/t gold.

Hole CHD-06: Primarily breccia; 25.2 metres of 0.18 g/t gold (including 9 metres of 0.25 g/t gold); 6 metres of 0.22 g/t gold; and 1 metre of 0.40 g/t gold and 11.5 g/t silver.

| Drill Hole | From [m] | To [m] | Interval [m] | Gold [g/t] |
|---------------|--------------|---------------|--------------------|--|
| CHD-01 | 88.00 | 127.00 | 39.00 | 0.07 |
| Including | 93.00 | 113.00 | 20.00 | 1.05 |
| And | 93.85 | 96.00 | 2.15 | 1.97 |
| And | 111.00 | 112.00 | 1.00 | 4.55 |
| CHD-02 | 45.00 | 66.00 | 21.00 | 0.06 |
| Including | 51.00 | 52.00 | 1.00 | 1.01 |
| And | 60.00 | 61.00 | 1.00 | 6.78 |
| And | 109.00 | 110.20 | 1.20 | 2.42 (last sample at the end of the hole) |
| CHD-03 | 30.00 | 43.30 | 3.30 | 5.08 |
| Including | 40.00 | 42.00 | 2.00 | 6.74 |
| And | 118.00 | 120.20 | 2.20 | 6.74 (last sample at the end of the hole) |
| CHD-04 | 0.00 | 201.00 | All breccia | High Arsenic/Antimony. Low gold values. |
| CHD-05 | 6.00 | 8.00 | 2.00 | 0.28 drilled into andesite roof pendant |
| Including | 12.00 | 14.00 | 2.00 | 0.81 |
| And | 13.15 | 14.00 | 0.85 | 1.38 |
| CHD-06 | 30.80 | 56.00 | 25.20 | 0.18 |
| Including | 40.00 | 49.00 | 9.00 | 0.25 |
| And | 101.00 | 102.00 | 1.00 | 0.40 |
| And | 122.00 | 128.00 | 6.00 | 0.22 |

All holes were drilled at – 60 degrees inclination and at an azimuth (“az”) as follows: CHD-01 az 90 degrees; CHD-02 az 305 degrees; CHD-03 az 90 degrees; CHD-04 az 90 degrees; CHD-05 az. 90 degrees; and CHD-06 az 315 degrees. True widths are presently unknown, as the discovery holes do not have enough information yet to identify where the holes are located in the mineralized system.

Assaying for this drill program is being done by ALS Chemex located in Vancouver, B.C. Sample preparation is done at the Chemex lab in Hermosillo, Mexico, then pulps are shipped to Vancouver for analysis. Prepared samples are analyzed for gold by the Au – ICP21 method and multi-elements by ME – MS61, preparation 31B.

Drill core was sawn in half by a gas-powered diamond saw, then photographed and logged. One half of the core is sent for assay analysis and the other retained at the Company's secure exploration facility in Sahuripa, Mexico.

Project 1068 – Drill permits received

The Company also reports receipt of SEMARNAT's (Mexico's environment ministry, Secretariat of Environment and Natural Resources) approval for drilling at the Company's 100% owned 1068 copper/gold/moly porphyry project. Recent exploration activities included initial construction of access roads to drill pad locations. As the roads were side cut into relatively steep gully terrain, the porphyry intrusive body was exposed at various intervals along the road. Where the bulldozer managed to gouge deep enough into the side hill, visible copper oxides were noted over significant lengths. Continuous channel samples (each sample being 3 – 4 metres in length) were collected intermittently along approximately 200 metres where the road cut into the potassic core alteration. Assay results are expected shortly. Preparations for a maiden drill program at Project 1068 will begin in a few weeks, once roads have dried out after seasonal rains currently affecting the area.

Quality Assurance and Quality Control

The Company's QA/QC program consisted of submission of duplicate samples and insertion of certified reference material and blanks inserted at regular intervals. These were inserted every 10 samples, or 10% of the total. Samples were bagged and tagged at the Company's core facility in Sahuripa, Mexico and held in a secure environment, until being picked up by ground transport of ALS Chemex.

About San Marco

San Marco Resources Inc. is a Canadian mineral exploration company with a portfolio of promising projects in mining-friendly Mexico, including the Chunibas, Mariana and 1068 Projects in Sonora State.

San Marco actively pursues strategic project generation program focused on high-caliber, low acquisition cost opportunities in the North-western Mexico. The Company has a committed management team with extensive experience in Mexico and a proven track record of building shareholder value.

San Marco currently has 56,201,832 issued and outstanding shares.

On behalf of the Board of Directors,

**Robert Willis, P. Eng.
President & CEO**

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National Instrument 43-101 Disclosure

This news release has been approved by San Marco's CEO, 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. He has verified the data disclosed, including sampling, analytical and test data, underlying such technical information by reviewing the assay reports provided to San Marco by its independent testing laboratory.

San Marco has implemented quality assurance ("QA") and quality control ("QC") programs to ensure sampling and analysis of all exploration work is conducted in accordance with the best possible practices. All sampling programs are carried out in a careful and diligent manner using scientifically established sampling practices designed and tested to ensure that the results are representative and reliable. Quality control programs appropriate to the type of sample and the mineralization are implemented, including such measures as external blanks, standards and duplicate samples. The security of samples from sample acquisition to analysis is a vital component of the sampling process. Procedures include the use of secure core logging, sampling, storage and preparation facilities as appropriate and the prompt, secure and direct shipping of samples to the laboratories. Appropriate sample security procedures are employed given the geographic and topographic conditions and the logistics created by the site location.

Forward Looking Information

Information set forth in this document may include forward-looking statements. While these statements reflect management's current plans, projections and intents, by their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the control of San Marco. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on these forward-looking statements. San Marco's actual results, programs, activities and financial position could differ materially from those expressed in or implied by these forward-looking statements.

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