

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Defense Metals Corp. (the “**Company**”)
605-815 Hornby Street
Vancouver, B.C. V6Z 2E6

Item 2: Date of Material Change

December 20, 2019

Item 3: News Release

A news release announcing the material change was issued and disseminated on December 20, 2019 and filed on SEDAR (www.sedar.com).

Item 4: Summary of Material Change

The Company closed a non-brokered private placement of 6,615,000 units (each a “**Unit**”) for total gross proceeds of \$661,500. Each Unit was priced at \$0.10 and is comprised of one common share and one common share purchase warrant (“**Warrant**”). Each Warrant is exercisable to purchase one common share of the Company at a price of \$0.20 per share for a period of 12 months from the closing date. The Company also closed a non-brokered private placement of 2,280,634 flow-through common shares (“**FT Shares**”) at a price of \$0.15 per FT Share for gross proceeds of \$342,095.

Item 5.1: Full Description of Material Change

See Schedule “A” as attached for a copy of the news release.

Item 5.2: Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

No information has been omitted.

Item 8: Executive Officer

For further information, please contact
Craig Taylor, CEO
Tel: (604) 318-4053
Email: craig@defensemetals.com

Item 9: Date of Report

December 24, 2019

SCHEDULE "A"



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(DEFN:TSX.V)
www.defensemets.com

DEFENSE METALS CORP. CLOSES PRIVATE PLACEMENT

Vancouver, British Columbia – December 20, 2019: Defense Metals Corp. (“**Defense Metals**” or the “**Company**”) (TSX-V: DEFN/ DFMTF: OTCQB / 35D: FSE) is pleased to announce that further to its news release on December 13, 2019, it has closed a non-brokered private placement of 6,615,000 units (each a “**Unit**”) for gross proceeds of \$661,500 (the “**Private Placement**”). As previously disclosed, each Unit was priced at \$0.10 and is comprised of one common share and one common share purchase warrant (“**Warrant**”). Each Warrant is exercisable to purchase one common share of the Company at a price of \$0.20 per share for a period of 12 months from the date of closing the Private Placement.

The Company also announces that it has closed a non-brokered private placement of 2,280,634 flow-through common shares (“**FT Shares**”) at a price of \$0.15 per FT Share for gross proceeds of \$342,095 (the “**FT Private Placement**”).

The Company paid cash finder’s fees of \$24,586.55 and issued 204,410 non-transferable finder warrants to certain brokers on a portion of the private placements. The finder warrants otherwise have the same terms as the Warrants.

Three directors of the Company participated in the Private Placement and the FT Private Placement. Participation by insiders of the Company in the private placements constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Because the Company’s shares trade on the TSX Venture Exchange (“**TSXV**”), the issuance of securities is exempt from the formal valuation requirements of section 5.4 of MI 61-101 pursuant to subsection 5.5(b) of MI 61-101 and exempt from the minority approval requirements of section 5.6 of MI 61-101 pursuant to subsection 5.7(1)(a) and (b) of MI 61-101.

All securities issued pursuant to the private placements are subject to a four month hold period from the closing date in accordance with applicable securities laws.

The proceeds from these private placements will be used for exploration on the Company’s Wicheeda rare earth element project located in Prince George, British Columbia and for general working capital purposes.

About Defense Metals Corp.

Defense Metals is an advanced mineral exploration company focused on the acquisition of mineral deposits containing metals and elements commonly used in the electric power market, military, national security and the production of green energy technologies, such as, high strength, light weight, rare earth magnets. Defense Metals’ primary focus is to exercise its option to acquire 100% of the 1,708 hectare Wicheeda Rare Earth Element Project. Defense Metals Corp. trades in Canada under “DEFN” on the TSX Venture Exchange, the United States, under “DFMTF” on the OTCQB and the German, Frankfurt Exchange under the symbol of “35D”.

For further information, please visit <https://defensemetals.com/> or contact:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”) or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

Cautionary Statement Regarding Forward Looking Information

This news release includes certain statements that constitute “forward-looking information or statements” within the meaning of applicable securities law, including without limitation, Defense Metals’ plans for its properties/projects, the use of funds from the private placements, other statements relating to the technical, financial and business prospects of Defense Metals, and other matters.

Forward-looking statements address future events and conditions and are necessarily based upon a number of estimates and assumptions. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved), and variations of such words, and similar expressions are not statements of historical fact and may be forward-looking statements. Forward-looking statement are necessarily based upon a number of factors that, if untrue, could cause the actual results, performances or achievements of Defense Metals to be materially different from future results, performances or achievements express or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Defense Metals will operate in the future, including the price of metals and elements, anticipated costs and the ability to achieve goals, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed and on reasonable terms, and that third party contractors, equipment and supplies and governmental and other approvals required to conduct Defense Metals’ planned exploration activities will be available on reasonable terms and in a timely manner. While such estimates and assumptions are considered reasonable by the management of Defense Metals, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks.

Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events, level of activity, performance or results to differ materially from those reflected in the forward-looking statements, including, without limitation: (i) risks related to rare earth elements, and other commodity price fluctuations; (ii) risks and uncertainties relating to the interpretation of exploration results; (iii) risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses; (iv) that resource exploration and development is a speculative business; (v) that Defense Metals may lose or abandon its property interests or may fail to receive necessary licences and permits; (vi) that environmental laws and regulations may become more onerous; (vii) that Defense Metals may not be able to raise additional funds when necessary; (viii) the possibility that future exploration, development or mining results will not be consistent with Defense Metals’ expectations; (ix) exploration and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in exploration and development; (x) competition; (xi) the potential for delays in exploration or development activities or the completion of geologic reports or studies; (xii) the uncertainty of profitability based upon Defense Metals’ history of losses; (xiii) risks related to environmental regulation and liability; (xiv) risks associated with failure to maintain community acceptance, agreements and permissions (generally referred to as “social licence”), including local First Nations; (xv) risks relating to obtaining and maintaining all necessary government permits, approvals and authorizations relating to the continued exploration and development of Defense Metals’ projects; (xvi) risks related to the outcome of legal actions; (xvii) political and regulatory risks associated with mining and exploration; (xix) risks related to current global financial conditions; and (xx) other risks and uncertainties related to Defense Metals’ prospects, properties and business strategy. These risks, as well as others, could cause actual results and events to vary significantly.

Factors that could cause actual results to differ materially from those in forward looking statements include, but are not limited to, continued availability of capital and financing and general economic, market or business conditions, the loss of key directors, employees, advisors or consultants, adverse weather conditions, increase in costs, equipment failures, litigation, failure of counterparties to perform their contractual obligations and fees charged by service providers. Investors are cautioned that forward-looking statements are not guarantees of future performance or events and, accordingly are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty of such statements. The forward-looking statements included in this news release are made as of the date hereof and Defense Metals disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.