

ALTERNATIVE MONTHLY REPORTING SYSTEM REPORT
of an Eligible Institutional Investor under Part 4 of National Instrument 62-103
The Early Warning System and Related Take-Over Bid and Insider Reporting Issues

Item 1 - Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares ("**Common Shares**") of Defiance Silver Corp. (TSX-V: DEF) ("**DEF**").

Warrants to acquire Common Shares ("**Warrants**").

Defiance Silver Corp.
Unit 704-595 Howe Street
Vancouver, British Columbia
V6C 2T5

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The requirement to file this report was triggered by: (i) the expiry on September 27, 2019 of 1,618,500 Warrants (the "**Navigator Expired Warrants**") held by the Navigator Portfolio (as defined hereinafter); (ii) the expiry on September 19, 2019 of 338,800 Warrants and the expiry on September 29, 2019 of 64,800 Warrants (the "**Windermere Expired Warrants**" and, collectively with the Navigator Expired Warrants, the "**Expired Warrants**") held by Windermere (as defined hereinafter); and (iii) the issuance by DEF to third parties of additional Common Shares from treasury during the month of November 2019. The Windermere Expired Warrants were initially issued by DEF by way of private placement on September 26 and September 29, 2017. The Navigator Expired Warrants were initially issued by DEF by way of private placement on September 27, 2018.

Item 2 - Identity of the Eligible Institutional Investor

2.1 State the name and address of the eligible institutional investor.

Windermere Capital (Canada) Inc. ("**Windermere**")
1001 boul. De Maisonneuve Ouest, #205
Montreal, Quebec H3A 3C8

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence

The Expired Warrants expired unexercised in September 2019.

2.3 State the names of any joint actors

See item 3.4 below.

2.4 State that the eligible institutional investor is eligible to file reports under Part 4 in respect of the reporting issuer.

Windermere is an “investment manager” under subsection (d) of the definition of “eligible institutional investor” at section 1.1(1) of NI 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (“**NI 62-103**”), and Windermere is eligible to file reports under Part 4 of NI 62-103 in respect of DEF.

Item 3 - Interest in Securities of the Reporting Issuer

3.1 State the designation and the net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor’s securityholding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 or the early warning requirements.

Windermere previously filed a report under Part 4 of NI 62-103 on September 10, 2019, in which Windermere disclosed holdings, directly and through the Segregated Portfolios (as defined hereinafter), of 48,450,000 Common Shares and 7,666,570 Warrants.

Since the last report, the Expired Warrants held by the Navigator Portfolio and Windermere expired unexercised and the Navigator Portfolio increased the net number of Common Shares it holds by 5,500 through trades executed through the facilities of the TSX Venture Exchange, resulting in the securityholdings of Windermere and the Segregated Portfolios in DEF changing to an aggregate of 48,455,500 Common Shares and 5,644,470 Warrants. Such changes in the securityholdings of Windermere and the Segregated Portfolios in DEF, combined with an increase in the aggregate number of issued and outstanding Common Shares, resulted in a net decrease of the combined securityholdings’ percentage of Windermere and the Segregated Portfolios of 0.44% of the issued and outstanding Common Shares (from 32.86% to 32.42%) or a net decrease of 1.30% of the issued and outstanding Common Shares if all the Warrants held by Windermere and the Segregated Portfolios were fully exercised (from 36.18% to 34.88%).

3.2 State the designation and number or principal amount of securities and the eligible institutional investor’s securityholding percentage in the class of securities at the end of the month for which the report is made.

Windermere’s holdings in DEF, through the Segregated Portfolios and directly, amounted to a total of 48,455,500 Common Shares and 5,644,470 Warrants, representing in the aggregate, if all such Warrants were fully exercised, approximately 34.88% of the issued and outstanding Common Shares.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities to which this report relates and over which (a) the eligible institutional investor, either alone or together with any joint actors,

has ownership and control, (b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons other than the eligible institutional investor or any joint actor, and (c) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Common Shares and Warrants included in Windermere's holdings for the purpose of this alternative monthly report are owned by Windermere, by Breakaway Strategic Resource Segregated Portfolio ("**Breakaway Portfolio**") and by Navigator Segregated Portfolio ("**Navigator Portfolio**", and together with Breakaway Portfolio, the "**Segregated Portfolios**"). The Segregated Portfolios are each segregated portfolios of Windermere Capital Fund SPC, a Cayman Islands segregated portfolio company. Windermere is engaged by Windermere Capital (Cayman) Inc. ("**Windermere Cayman**"), the investment manager of the Segregated Portfolios, as the portfolio advisor to the Segregated Portfolios and advises Windermere Cayman on all of the investment decisions with respect to each of the Segregated Portfolios and the securities held by the Segregated Portfolios.

As at November 30, 2019: (i) Breakaway Portfolio owned 41,500,000 Common Shares; (ii) Navigator Portfolio owned 6,955,500 Common Shares and 5,546,790 Warrants; and (iii) Windermere owned 97,680 Warrants, representing, if all such Warrants were fully exercised, approximately 26.75%, 8.06% and 0.06% (34.88% in the aggregate), respectively, held by each of Breakaway Portfolio, Navigator Portfolio and Windermere, of the issued and outstanding Common Shares.

The filing of this report is not an admission that an entity named in the report owns or controls any described securities or is a joint actor with another named entity.

3.5 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the eligible institutional investor's securityholdings.

Not applicable.

3.6 If the eligible institutional investor or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (chapter V-1.1, r. 35).

Not applicable.

3.7 If the eligible institutional investor or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the security of the class of

securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 - Purpose of the Transaction

State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

Windermere advises in respect of, and acquires or disposes of direct ownership of, Common Shares for investment purposes only. These investments will be reviewed by the applicable party on a continuing basis and such holdings may be increased or decreased in the future.

(b) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;

Not applicable.

(c) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;

Not applicable.

(d) a material change in the present capitalization or dividend policy of the reporting issuer;

Not applicable.

(e) a material change in the reporting issuer's business or corporate structure;

Not applicable.

(f) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person;

Not applicable.

(g) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;

Not applicable.

(h) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

Not applicable.

(i) a solicitation of proxies from securityholders;

Not applicable.

(j) an action similar to any of those enumerated above.

Not applicable.

Item 5 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the eligible institutional investor and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 6 - Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the eligible institutional investor under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 7 - Certification

I, as the eligible institutional investor, certify, or I, as the agent filing the report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED at Montreal, Québec as of the 10th day of December 2019.

WINDERMERE CAPITAL (CANADA) INC.

By: *signed Christopher Wright*
Name: Christopher Wright
Title: President