

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and address of the Company

Defiance Silver Corp. (the “**Company**”)
704 - 595 Howe Street
Vancouver, BC

Item 2 Date of material change

August 12, 2019

Item 3 News release

The press release was issued and distributed on August 14, 2019 via Marketwired.

Item 4 Summary of material change

Closing of a non-brokered private placement for total gross proceeds of \$3,323,106.

Item 5 Full description of material change

On August 14, 2019, the Company announced that it has closed a non-brokered private placement (the “**Offering**”) in the amount of \$3,323,106 and has issued in connection therewith 14,448,286 units (the “**Units**”) at a price of \$0.23 per Unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire an additional common share of the Company at an exercise price of \$0.31 until August 12, 2022.

The Company intends to use the proceeds of the financing to continue an aggressive exploration program at its San Acacio Silver project. The drill program will focus on the discovery of new silver shoots along the Veta Grande vein, the recently defined silver-copper geophysical anomaly and further resource expansion.

Insiders of the Company subscribed for a total of 133,400 Units. Participation by insiders constitutes a related party transaction as defined under Multilateral Instrument 61-101. The issuance of securities to the related party 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 shareholder approval requirements of Section 5.6 of MI 61-101 pursuant to Subsection 5.7(b) of MI 61-101.

Closing of the Offering is subject to receipt of all the required regulatory approvals including the approval of the TSX Venture Exchange. Finder's fees of

\$30,056 and 87,780 finder warrants were paid in connection with the Offering. The securities issued under the Offering will be subject to a four month hold period expiring on December 13, 2019.

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

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Sherry Roberge
Chief Financial Officer
Tel.: (604) 839-5958

Item 9 Date of Report

August 20, 2019.