

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1**      **Name and address of the Company**

**Defiance Silver Corp.**  
Suite 2900-550 Burrard Street  
Vancouver, BC V6C 0A3

**Item 2**      **Date of material change**

September 16, 2020

**Item 3**      **News release**

The press release was issued on September 16, 2020 through Newsfile Corp.

**Item 4**      **Summary of material change**

Defiance Silver Corp. (“Defiance”) announced on September 16, 2020 that it has closed the previously announced brokered private placement of 29,415,000 units (the “Units”) at a price of \$0.34 per Unit, which includes 8,825,000 Units issued pursuant to the exercise in full of the Agent’s (as defined below) overallotment option, for gross proceeds totaling \$10,001,100 (the “Offering”). The Offering was led by Red Cloud Securities Inc. and included Canaccord Genuity Corp (the “Agents”).

**Item 5**      **Full description of material change**

Defiance announced on September 16, 2020 that it has closed the previously announced brokered private placement of 29,415,000 Units at a price of \$0.34 per Unit, which includes 8,825,000 Units issued pursuant to the exercise in full of the Agent’s overallotment option, for gross proceeds totaling \$10,001,100. The Offering was led by Red Cloud Securities Inc. and included Canaccord Genuity Corp.

Each Unit consists of one common share and one-half of one common share purchase warrant (each whole warrant a “Warrant”). Each Warrant entitles the holder thereof to acquire one common share of Defiance at an exercise price of \$0.48 per share until September 16, 2022.

In connection with the Offering, the Agents received a cash commission of \$499,844 and 1,470,782 non-transferable compensation option, each entitling the Agents to purchase one Unit of Defiance at a price of \$0.34 per Unit until September 16, 2022. All securities issued under the Offering are subject to a four month hold period expiring on January 17, 2021.

Insiders of Defiance subscribed for a total of 470,800 Units for total gross proceeds of \$160,072 under the Offering. Participation by insiders constitutes a related party transaction as defined under Multilateral Instrument 61-101. The issuance of securities to such related parties 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 as the purchase of securities does not exceed 25% of Defiance’s market capitalization. Defiance is relying on exemptions from the formal valuation and

minority shareholder approval requirements provided under sections 5.5(a) and 5.7(1)(a) of Multilateral Instrument 61-101. Defiance did not file a material change report 21 days prior to the closing of the Offering as the details of the participation of insiders of Defiance had not been confirmed at that time.

**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**

September 21, 2020