51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Defiance Silver Corp. ("**Defiance**" or the "**Company**")
Suite 2900-550 Burrard Street
Vancouver, BC V6C 0A3

Item 2 Date of Material Change

December 10, 2024

Item 3 News Release

The news release was disseminated by Newsfile on December 10, 2024.

Item 4 Summary of Material Change

The Company announced a Mineral Resource Estimate, prepared in accordance with the National Instrument 43-101 - *Standard for Disclosure for Mineral Projects* for the 100% owned Tepal Gold-Copper Project, located in the municipality of Tepalcatepec, Michoacán State, in south-western Mexico, prepare by Micon International Limited ("**Micon**"). The Micon technical report filed on SEDAR+ in support of the Mineral Resource Estimate is titled "*NI 43-101 Technical Report and 2024 Mineral Resource Estimate for the Tepal Project, Michoacán, Mexico*" dated November 29, 2024, with an effective date of October 30, 2024.

Item 5 Full Description of Material Change

The Company announced a Mineral Resource Estimate ("**MRE**") prepared in accordance with the National Instrument 43-101 - *Standard for Disclosure for Mineral Projects* ("**NI 43-101**") for the 100% owned Tepal Gold-Copper Project, located in the municipality of Tepalcatepec, Michoacán State, in south-western Mexico.

Highlights Include:

- **111.67 million tonnes (Mt)** of Measured & Indicated Mineral Resources averaging **0.26 g/t gold** for **926,000 ounces of gold**

- **111.67 Mt** Measured & Indicated Mineral Resources averaging **0.19% copper** for **473.86 million pounds (Mlb) of copper**
- **111.67 Mt** of Measured & Indicated Mineral Resources averaging **1.55 g/t silver** for **5.58 million ounces (Moz) of silver**
- **124.36 Mt** of Inferred Mineral Resources averaging **0.25 g/t gold** for **985,000 ounces of gold**
- **124.36 Mt** of Inferred Mineral Resources averaging **0.16% copper** for **451.0 Mlb copper**
- **124.36 Mt** of Inferred Mineral Resources averaging **1.46 g/t silver** for **5.83 Moz of silver**
- Mineral resources were estimated using a cut-off grade of 13 $/t NSR for the oxidized zone and 15 $/t NSR for the sulphide zone; both the oxide and sulfide estimates lie within the optimized pit shell
- Metallurgical testing indicates recoveries of 86% Cu and 54% Au for the North/South Zones and 84% Cu and 50% Au for the Tizate Zone mineralization which would produce a 23% Cu copper concentrate with gold credits.
- The MRE was independently prepared by Micon International Limited ("**Micon**")

MRE for the Tepal Project

The MRE, independently prepared by Micon's QPs, have classified the mineral resources for the Tepal Project in the Measured, Indicated and Inferred categories for the Tepal North Zone resources and the Indicated and Inferred categories for Tepal South Zone and Tizate Zone resources (as defined in the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Definition Standards for Mineral Resources & Mineral Reserves incorporated by reference into NI 43-101) and has an effective date of October 30, 2024.

Table 1 summarizes the MRE, and Figures 1 to 4 show various plan views and cross sections of the new block model and/or optimized pit outlines. Tepal North Zone, Tepal South Zone and Tizate deposits are all part of the Tepal Project; the three deposits have been estimated separately to honour their geometry and grade characteristics.

Table 1: *Tepal Project Mineral Resource Estimates (rounded values)*

Open Pit Model	*Resource Category*	*Weathering Zone*		*Average Grade*				*Content Metal*			
			Tonnage	NSR	Cu	Au	Ag	NSR	Cu	Au	Ag
			Mt	$/t	%	g/t	g/t	million $	thousand lb	thousand oz	thousand oz
In-Pit Tepal North Zone	Measured	Oxide	2.71	31.16	0.31	0.45	1.03	84	18,818	39	90
		Sulphide	21.21	38.04	0.24	0.39	0.92	807	111,170	269	627
	Indicated	Oxide	3.85	17.51	0.19	0.25	0.80	67	16,508	31	99
		Sulphide	28.51	25.35	0.18	0.23	1.22	723	110,322	213	1,114
	M+I	Oxide	**6.56**	**23.15**	**0.24**	**0.33**	**0.90**	**152**	**35,327**	**70**	**189**
		Sulphide	**49.72**	**30.77**	**0.20**	**0.30**	**1.09**	**1,530**	**221,492**	**481**	**1,741**
		Total	**56.28**	**29.88**	**0.21**	**0.30**	**1.07**	**1,682**	**256,818**	**551**	**1,930**

	Inferred	Oxide	2.60	12.91	0.15	0.18	1.17	34	8,750	15	97
		Sulphide	26.73	23.82	0.17	0.21	1.21	637	101,909	177	1,040
		Total	**29.33**	**22.86**	**0.17**	**0.20**	**1.21**	**670**	**110,659**	**192**	**1,137**
In-Pit Tepal South Zone	Indicated	Oxide	1.22	28.27	0.22	0.40	1.29	34	5,922	16	50
		Sulphide	10.78	36.63	0.24	0.36	1.13	395	57,569	124	392
		Total	**11.99**	**35.78**	**0.24**	**0.36**	**1.15**	**429**	**63,492**	**140**	**443**
	Inferred	Oxide	1.48	10.25	0.11	0.14	0.87	15	3,635	7	41
		Sulphide	35.84	35.02	0.18	0.41	1.29	1,255	145,779	477	1,481
		Total	**37.32**	**34.04**	**0.18**	**0.40**	**1.27**	**1,270**	**149,414**	**484**	**1,523**
In-Pit Tizate Zone	Indicated	Oxide	4.10	11.50	0.13	0.16	1.79	47	11,493	21	236
		Sulphide	39.30	22.52	0.16	0.17	2.35	885	142,057	214	2,970
		Total	**43.40**	**21.47**	**0.16**	**0.17**	**2.30**	**932**	**153,549**	**235**	**3,206**
	Inferred	Oxide	4.55	9.58	0.14	0.12	2.19	44	14,450	18	321
		Sulphide	53.16	21.15	0.15	0.17	1.67	1,124	176,488	292	2,853
		Total	**57.71**	**20.24**	**0.15**	**0.17**	**1.71**	**1,168**	**190,938**	**310**	**3,174**
In-Pit Total Tepal+Tizate	**Measured**	**Oxide + Sulphide**	23.92	37.26	0.25	0.40	0.93	891	129,988	308	717
	Indicated		87.75	24.52	0.18	0.22	1.72	2151	343,872	618	4,861
	M+I		**111.67**	**27.25**	**0.19**	**0.26**	**1.55**	**3,043**	**473,860**	**926**	**5,578**
	Inferred		**124.36**	**25.00**	**0.16**	**0.25**	**1.46**	**3,109**	**451,011**	**985**	**5,834**

Resource Estimate Notes:

1. The effective date of the MRE is October 30, 2024.
2. The Mineral Resource Estimate has been stated using a NSR $/t value cut-off grade. As per the economic assumption the cut-off grade is 13 $/t NST for the oxide zone and 15 $/t for the sulphide zone.
3. William Lewis P.Geo., and Chitrali Sarkar M.Sc., P.Geo., of Micon are the QPs responsible for the MRE, as defined in NI 43-101.
4. The mineral resources disclosed in this report were estimated using the CIM standards for mineral resource and reserve definitions and the CIM best practices guidelines for resource estimation.
5. The mineral resources reported are contained within the boundaries of a pit-shell derived from the open pit optimizer, assuming surface mining methods with an overall slope angle of 45 degrees and with the original block model re-blocked to 20m x 20m x 20m. Mineralized blocks outside of the pit-shell are not considered to be part of the MRE.
6. An open pit cut-off grade of 13 $/t NST for the oxide zone and 15 $/t for sulphide zone was calculated for the MRE, using a gold price of US$ 2,300/oz, a silver price of US$30/oz and a copper price of US$4.8/lb, mining cost US$2.0/t, processing cost US$10/t for oxide and US$12/t for sulphide, G&A costs of US$3/t. and relevant treatment and refining charges (TCRCs).
7. Molybdenum has not been considered to be part of NSR calculation at this time due to insufficient metallurgical testwork to determine the applicable process recovery.
8. The MRE has been classified according to CIM definitions of Measured, Indicated and Inferred Resources for Tepal North Zone and Indicated and Inferred for Tepal South and Tizate Zones. The Mineral Resource classification has also been visually reviewed to eliminate any "Spotted Dog" effect, commonly seen in computer-generated models.
9. The mineral resource results are presented in-situ within the optimized pit.
10. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
11. Geological modelling and the MRE have been completed using Leapfrog Geo and Edge software.
12. The tonnes and metal contents are rounded to reflect that the numbers are an estimate and any discrepancies in the totals are due to the rounding effects.
13. Micon has not identified any legal, political, environmental, or other factors that could materially affect the potential development of the mineral resource estimate.

Silver has been included in the current NSR calculation for the first time as it was not reported in any of the previously released mineral resource estimates. Molybdenum has not been included as part of the current NSR calculation for the

MRE due to insufficient metallurgical testwork to determine the applicable process recovery. However, molybdenum grades are significant, and the Company will aim to included this in any future MRE or Preliminary Economic Assessment.

The current mineral resource estimate focuses exclusively on an open pit resource. However, while performing the interpretation for the Tepal South Zone mineralization, Micon noticed that the mineralized zone is dipping sharply towards the south at the south-east end of the deposit (Figure 4). The high-grade material within the low-grade envelopes also follows a similar trend, and it is believed that there could be underground resource potential for this area. Micon's QPs suggest performing a study using a combination of open pit and underground mining methods in future resource estimates.

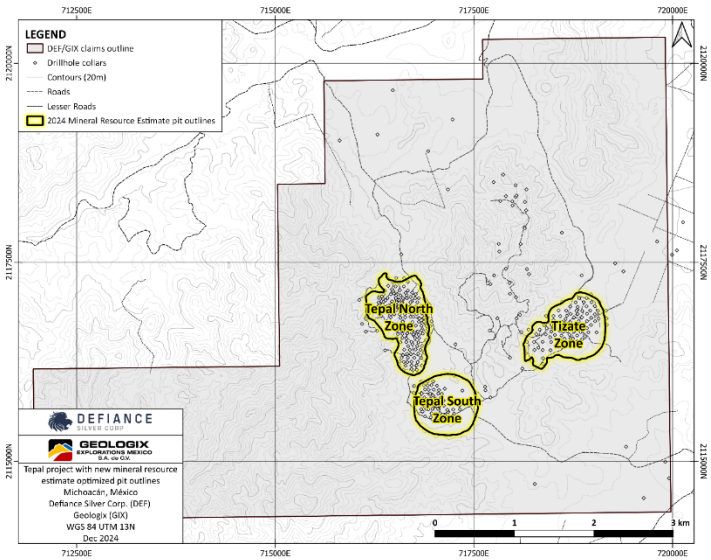

***Figure 1**: Plan view of the Tepal Project showing new MRE optimized pit outlines diamond drilling collars*

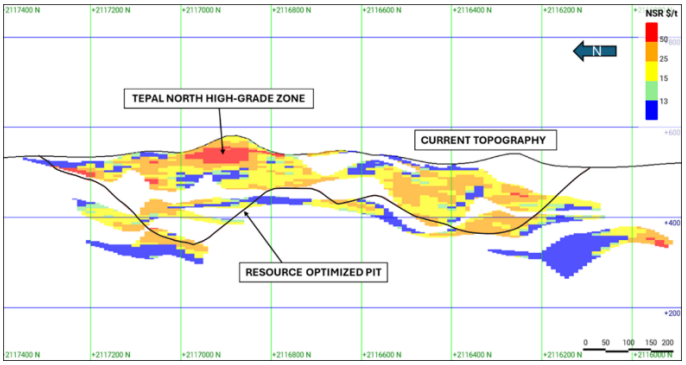

***Figure 2:** Long section, looking east, along Tepal North Zone block model with optimized pit*

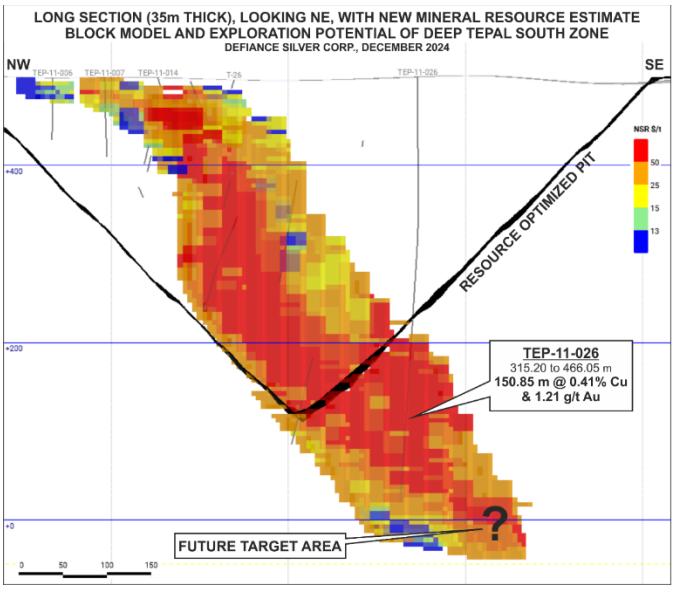

Figure 3: *Cross section (35m) thick along Tepal South Zone block model with optimized pit, showing future exploration target with deep high-grade intercept of TEP-11-026*

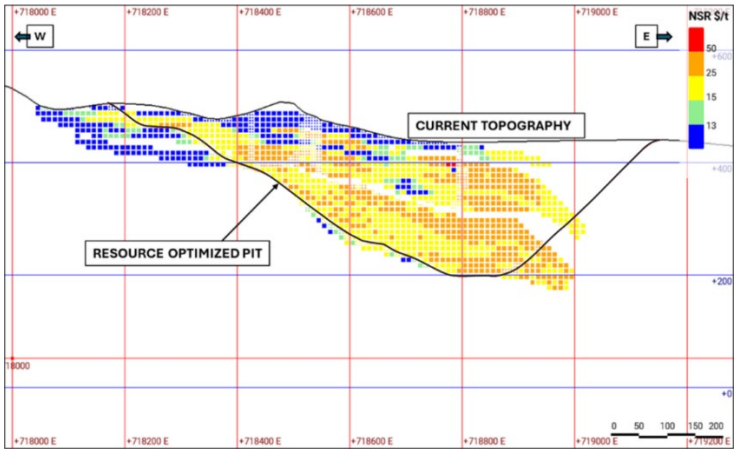

Figure 4: *Long section along Tizate block model and optimized pit*

Mineral Resources Methodology and Assumptions

The 2024 Tepal Project MRE covers the Tepal North Zone, Tepal South Zone and Tizate deposits. The main steps in the methodology were as follows:

- Compiling and validating the diamond drill hole database used for mineral resource estimation.
- Interpretation of the mineralized domain, based on lithological and assay information.

- Capping outlier values and compositing the database, for the purpose of geostatistical analysis and performing variography.
- Generating the block model and grade interpolation.
- Calculation and validation of NSR value.
- Validating the criteria for mineral resource classification and eliminating any "Spotted Dog" effect when classifying the resources".
- Assessing the mineral resources with "reasonable prospects for eventual economic extraction" by selecting appropriate cut-off grades and a producing a reasonable "resource-level" optimized pit-shell.
- Generating a Mineral Resource Estimate statement.
- Assessing and identifying the factors that could affect the mineral resource estimate.

The CIM standards require that an estimated mineral resource must have reasonable prospects for eventual economic extraction. The mineral resource discussed herein has been constrained by reasonable mining shapes, using economic assumptions appropriate for an open-pit mining scenario. The potential mining shapes are preliminary and conceptual in nature.

For the Tepal Project, three different pit-shells were optimized, based on NSR values calculated using a set of economic parameters, depending on the material and mining method. The Tepal North Zone, South Zone and the Tizate Zone have been treated separately for the Pit Optimization exercise which has been carried out using Datamine Studio OP software.

The calculated economic cut-off grade of 13 $/t NSR met the definition of potential eventual economic extraction for oxide zone, and a cut-off grade of 15 $/t NSR met the criterion for the sulphide zone. No underground resource has been estimated at this time.

Quality Control – Sampling and Laboratory

Geologix Explorations Mexico, a wholly owned Mexican subsidiary of Defiance Silver Corp., acquired from ValOro Resources in November 2018 (Defiance News Release dated Nov 6th 2018), established a QA/QC program for the drilling at the Tepal Project.

The review of sampling and assaying procedures indicates that an adequate system was in place to maximize the quality of drill hole samples and to assess the reliability, accuracy and precision of subsequent assay data for use in resource estimation.

The QA/QC program consisted of:

- The inclusion of CRM's in sample batches sent to ALS to assess analytical accuracy (1 per 30 samples)
- The inclusion of field blanks and pulp blanks to assess laboratory sample preparation and analytical accuracy (1 per 30 samples)
- The inclusion of field duplicates and externally assayed pulp duplicates to assess sample preparation and precision (1 per 30 samples)

Approximately 20% of all samples submitted to the laboratory were quality control samples.

Micon's QP has reviewed the QA/QC program established by Geologix and believes that the QA/QC program implemented was of sufficient quality to allow the results to be used as the basis for a mineral resource estimate.

Geology Summary

Mineralization on the Tepal Project is characteristic of porphyry copper-gold-molybdenum systems. This is interpreted based on its porphyritic host rocks, its alteration, its copper-gold with minor molybdenum (and silver) signature, and its quartz-dominated stockwork veinlets and disseminations associated with sulphide mineralization.

The Tepal Project is located within the Coastal Ranges of southwestern Mexico, south of the Neogene Trans-Mexican Volcanic Belt. Rocks consist of Cretaceous to early Tertiary intermediate composition intrusions and weakly metamorphosed sedimentary and volcanic rocks of Cretaceous to Early Tertiary age. The Jurassic to Cretaceous sedimentary and volcanic rocks are part of an accreted Mesozoic Island arc volcano-sedimentary assemblage. At least some of the intrusive rocks are coeval with the volcanic units. Neogene basalts locally overlie basement rocks and represent outliers of the Trans-Mexican Volcanic Belt.

The Tepal Project is underlain by intrusive, volcanic and sedimentary rocks. Tizate is located within an intrusive complex mapped at surface. The North Zone and South Zone are hosted within dominantly volcanic rocks mapped at surface, though various porphyritic intrusions exist at depth, as noted in drill core.

The structures that dominate at the project and, to an extent regionally, are east-northeast striking, north-northwest striking, and northeast striking. These faults show clear separation of geological units at surface and appear to have juxtaposed different erosional levels.

Mineralization on the property consists of zones of stockwork quartz veinlets, sulphide veinlets and disseminated sulphide mineralization that are hosted within

intrusive rocks, volcanic rocks and breccias. These sulphide-bearing zones contain significant concentrations of copper and gold and, to a lesser extent, molybdenum and silver. The mineralization is hosted in three distinct deposits: the North Zone and South Zone with relatively high-grade copper and gold, and Tizate with relatively lower-grade copper and gold, but higher-grade molybdenum.

There is an oxide horizon and a narrow transition layer present in all deposits on the Tepal Project above the sulphide mineralization. The depth of oxidation ranges from 20 to 40 m on the hilltops and 0 to 20 m in the drainages. The transition zone may be up to 15 m thick; however, it is usually significantly less than this and, in some cases, is absent altogether. The transition is identified by the overlapping presence of iron oxides and sulphide mineralization.

Primary sulphide mineralization consists dominantly of chalcopyrite and pyrite, with locally significant bornite and molybdenite. The highest consistent grades of copper and gold mineralization are associated with low pyrite:chalcopyrite ratios and increasing bornite. Local areas of very high-grade gold are associated with thicker veins that cross-cut Tizate, and contain pyrrhotite, sphalerite, galena, silver sulphides, as well as chalcopyrite and pyrite.

Tepal Exploration Potential

Defiance Silver believes that the Tepal Project has excellent exploration upside to increase the size of the mineralization, by both expanding the known mineralization of North Zone, South Zone and Tizate, and by exploring for new deposits within the Project. A series of targets have been defined based on geological, geochemical, geophysical, alteration and structural information. These targets include, but are not limited to, the following:

- Clear areas of open, untested plunges of high-grade porphyry-style mineralization at depth in known deposits. An example is in the deep South Zone (Figure 3) where drill hole TEP-11-26 returned values of 0.41% Cu and 1.21 g/t Au over 150.8m (from 315.20m to 466.05m). There has been no previous additional drilling in this area below the resource optimized pit.
- Various adjacent and distal untested to poorly tested targets with similar porphyry-style signatures, defined by multiple exploration criteria within the project
- Cross-cutting and/or superimposed different deposit styles (e.g., high-grade polymetallic intermediate-sulphidation epithermal-style veins, high-sulphidation epithermal-style potential under advanced argillic alteration, etc.)

Several of these target areas at Tepal are presented below (Figure 5) in plan map view.

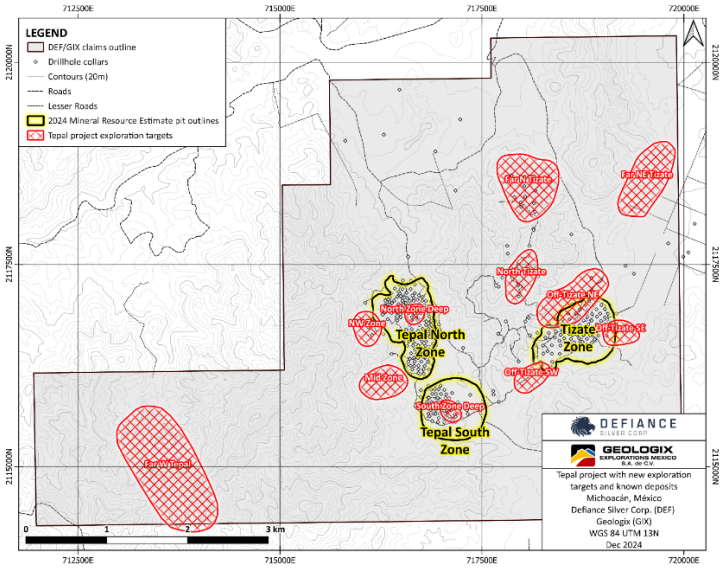

Figure 5: *Map of Tepal deposits with various exploration target areas outlined in red*

Recommendations

Further exploration and development of the Tepal Project is recommended. The recommended next phase of work is: a Lidar topographic survey, detailed mapping and surface sampling, systematic channel sampling, relogging of a number of holes, relocating the collars for some of the old INCO drill holes, as well as reprocessing the old geophysical programs. In addition, further resource infill and expansion drilling is recommended especially into the deep South Zone target area (Figure 3). It is also recommended the company conduct further metallurgical testwork at the Tepal Project. Data gained from this recommended work will help the Company with its plan to produce a Preliminary Economic Assessment during the course of 2025.

Qualified Persons, NI 43-101 Technical Report and MRE

As reported by the Company in its November 29th news release, Defiance had commissioned Micon to prepare a new technical report, including a MRE, associated with the potential development of the Tepal mineral resource. The technical report, prepared in accordance with the NI 43-101, has been filed on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. The effective date of the current MRE is October 30, 2024.

The MRE is preliminary in nature and includes inferred mineral resources considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Micon MRE report is titled "*NI 43-101 Technical Report and 2024 Mineral Resource Estimate for the Tepal Project, Michoacán, Mexico*" dated November 29, 2024, with an effective date of October 30, 2024. William J. Lewis P.Geo., and Chitrali Sarkar M.Sc., P.Geo., of Micon are the QPs for the MRE. Richard Gowans P.Eng., of Micon is the QP responsible for reviewing the Tepal metallurgical work which the MRE is based upon. Mr. Lewis, Ms. Sarkar and Mr. Gowans are all independent of Defiance and are the Micon QPs for the Technical Report.

Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Officer

Chris Wright, CEO
Tel.: +1 (604) 343-4677

Item 9 Date of Report

December 16, 2024