

# M O M E N T U M P R

## Where Investors Come First

MOMENTUM REPORTS – DEFIANCE

Report #1 – January, 2018

### San Acacio Project: A Premier Silver Deposit with significant exploration potential in Zacatecas Mexico

San Acacio had over 100 Million Ounces of Historical Production, has an initial 18 Million Ounce Resource and two-thirds of the vein has yet to be explored.



Defiance's recently completed 5000 m drill program significantly expanded the high-grade mineralized envelope of the resource including in areas up to 230 m below the current resource. A new resource is expected in 2018.

Defiance Silver (TSXV: DEF, OTC: DNCVF, FRA: D4E,) a Canadian silver explorer, was founded with one goal in mind: to acquire, expand and explore the San Acacio Deposit and its dominant position on the Veta Grande vein in the historic Zacatecas Silver District in Mexico.

Peter J. Hawley, P. Geo., with more than 20 years experience in Mexico, founder of Scorpio Mining Corp., now Americas Silver Corp and Defiance Silver's Chairman describes the project: "Mexico has been pretty-well explored for silver. San Acacio and the Veta Grande vein system that hosts

it, represent one of the last, historically high-grade, wide silver veins to be explored and developed. It has seen only limited modern exploration and already has a deposit along with a proven geological model that should lead to the discovery of additional high-grade mineralized zones in the district."

"Defiance originally focused on the historic Zacatecas Silver District for its long mining history which saw the production of over 700 million ounces of silver. When the opportunity to option the San Acacio silver project arose, Defiance jumped on it.



DEFIANCE  
SILVER CORP

#### TSXV: DEF

##### Share Structure

Shares Issued	98,101,820
Market Cap.	33,845,000
Year High	0.45\$
Year Low	0.215\$



#### Looking Forward

**Defiance Silver Corp.** is a silver explorer and developer advancing the San Acacio Deposit, located in the historic Zacatecas Silver District of central Mexico that has produced over 700 million ounces of silver. The corporate mandate is to expand San Acacio to become one of Mexico's premier high grade silver deposits.



Since the acquisition, several take-overs have occurred in the district and Defiance remains the last junior standing. The project is completely surrounded by major silver players including Pan American Silver, MAG Silver and Endeavour Silver, which demonstrates the high level of interest in the area.

### **Approximately 700 Million Ounces Produced Historically**

Zacatecas is the largest silver producing region in Mexico and comes second in terms of gold production. Between 1546 and 1895, Zacatecas produced in excess of 681 million ounces of silver. After the initial discovery in 1546, the region produced 20% of the silver shipped back to Spain by the conquistadors. Mexico has consistently been the largest silver producer in the world and in 2015 it produced 46.5% of global silver production or 189.5 million ounces.

Defiance acquired an option on the project and its large exploration package from the Mexican owners. "It had been in the hands of the Mexican mining family since 1934. Developing a strong relationship with the family was important to us, and over several meetings and amongst numerous other bidders, they chose Defiance" stated Mr. Hawley.

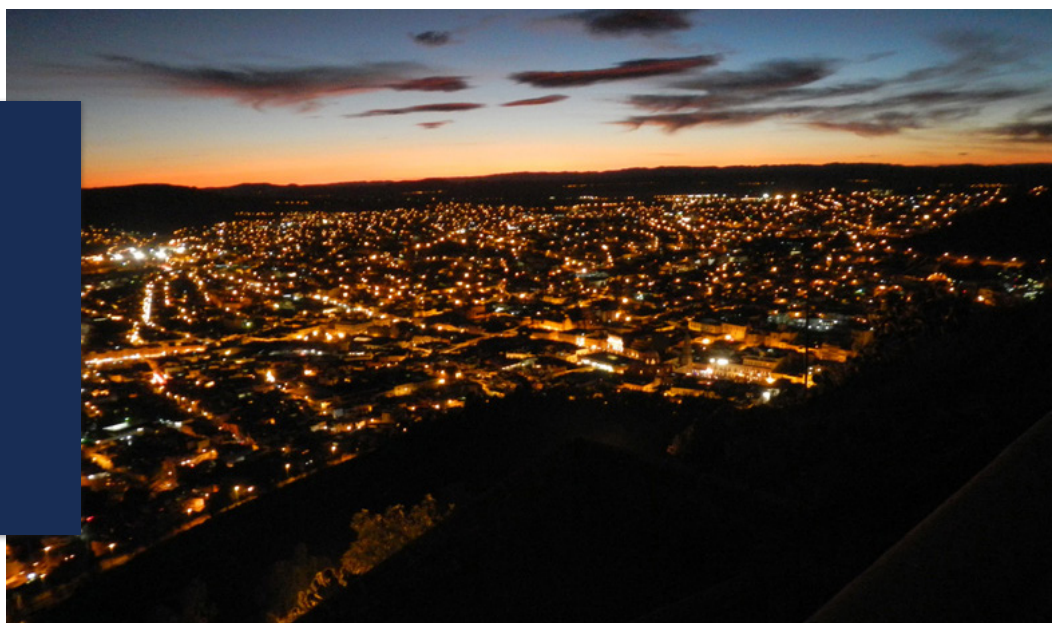
## **A HIDDEN GEM IN ZACATECAS**

In the heart of the Zacatecas Silver District lies the Veta Grande, a pervasive silver vein system. Historically, more than 200 million ounces was mined from the Veta Grande. The San Acacio project consists of ten mineral concessions totalling 750 hectares and covering over 5.5 km of the Veta Grande Vein. Historic workings that produced 100 million ounces of silver and host the current resource cover only 1.2 km of the vein's strike length while the vein continues relatively unexplored for an additional 4.4 km to the southeast. Defiance's geological model has proven that the mineralized system extends along strike from its most recent drilling.

San Acacio has excellent infrastructure in place including paved roads, high voltage power lines and an experienced mining labour force 6 km away in the state capital. Surrounded by operating mines and processing plants with excess capacity, San Acacio also has long-term exploration and mining agreements with all of the local communities near the project and the groups that control the surface rights.



Given its historical silver production it comes as no surprise that the Veta Grande vein structure is massive. At San Acacio, the Veta Grande vein extends to a depth of at least 335 meters with vein width's ranging up to 27 m wide.



Defiance has an initial inferred mineral resource which stands at 17,917,000 ounces of silver equivalent at a grade of 192 g/t silver equivalent, with the resource contained within precious metals, silver and gold.

On October 25, 2017 the company announced that it had finished its phase one drilling campaign and significantly expanded the high grade mineralized envelope of the resource. Highlights included: 419g/t Ag over 3 m in Hole 2, 631.46/gt Ag over 7.25 m in Hole 8, 148g/t Ag over 27 m in Hole 12 and 171 g/t Ag over 10 m in Hole 13. Most of the holes also returned high-grade base metal intersections along with the silver. Most importantly, the phase one drill program extended mineralization up to 230 meters below the current resource.

**Commenting on phase one, Mr. Hawley remarked,** “The Phase One program was a huge success. The results significantly expanded the mineralized envelope of the San Acacio silver deposit, both on strike and at depth. Mapping and mineralogical studies indicate that the mineralized system hosting the San Acacio deposit is tilted to the southeast. This suggests that drilling along strike could result in the discovery of new mineralized zones containing the full vertical extent of the mineralizing system. We have now commenced aggressive Phase II drill program targeting new high grade shoots within the 900 meter extension of the Veta Grande vein system to the southeast of the San Acacio deposit.”

Defiance has permits to drill 60,000 meters over the next four and a half years, essentially inventorying meterage and decreasing the lag time for acquiring permits.





## THE TIPPING POINT FOR DEFIANCE IS NOW!

Mr. Hawley describes Defiance's strategy: "We are trying to reach a critical mass of silver in the ground which our drilling has indicated will be substantially more than the 18 million ounces of silver we have now. In the near-term, we see the potential for north of 50 million ounces of silver in the ground. Over the long-term, with the discovery of additional silver shoots along strike, we could see multiples of that number. At that point you become a very attractive take-over candidate for anyone looking for a major new silver deposit."

For the time being Defiance has enough money in the treasury to finance its phase two drilling program. In September, Defiance raised \$1.72 million in exchange at a price of \$0.30 a unit. Each unit consists of one common share and a warrant to purchase another common share for \$0.45, good for a two year period. The confidence the company has in its project can be seen by the fact that management and board are heavily invested, with over 30% of the total units purchased by the board and directors. This confidence is further illustrated by an insider ownership level of over 55%.

Mr. Hawley is also confident that when additional monies are needed they will become available, "This has been a bit of a hidden gem in terms of silver mining because there hasn't been a lot of interaction with financial institutions to date and the story is not well known. With Defiance aggressively drilling along strike, planning a revised resource estimate and delivering strong news flow, we believe the investment community will start taking notice."



**Defiance will also have to decide on its end game.** "We are open at this stage to entertaining all sorts of different possibilities to advance the San Acacio Deposit, whether it is through a strategic investment, being acquired or someone financing us into production. There's a collection of established miners that are more advanced than we are right next door. To me that makes us an attractive takeover target. Our strategy is to choose whatever route optimizes shareholder value."



## WHY YOU SHOULD LOOK AT DEFIANCE

When asked why the retail investor should take a good look at Defiance Hawley has a three part answer. "One reason is I think silver in general has been oversold. If you believe as most people do, that you are going to see an increase in inflation and an increase in interest rates, then you will see currency devaluation. Then there will be a significant increase in the price of gold. When gold goes up, silver goes up much more dramatically. There's an opportunity to play silver as a commodity."

"The second reason, the other value parameter on our property, is the size of the deposit. The amount of silver we have in the ground. The expectation that through our aggressive drilling campaign, that the amount of silver in the next resource estimate should be significantly larger, than what we have now. That should increase the value of the shares as well. And if we get both of those things, if silver goes up significantly and the amount of silver in the ground goes up significantly, then our shares will go up accordingly." And finally compared to our silver peers the value of our shares relative to the present asset, potential upside and share holder structure, we are certainly undervalued in today's market.



**Defiance Silver trades on the TSXV: as DEF, FRA: D4E and OTC as DNCVF.**

It has 98.1 million shares outstanding and a market cap of \$33.8 million. The 52 week high is \$0.45 and low \$0.21. As of January 3rd, 2018 the share price was \$0.33. Insiders hold 55% of the company.

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