

Defiance Silver Exercises Option for 100% Ownership of Lucita Licenses and Provides Update on San Acacio Agreement

Vancouver, British Columbia--(Newsfile Corp. - January 11, 2024) - **Defiance Silver Corp. (TSXV: DEF) (FSE: D4E) (WKN: A1JQW5) ("Defiance" or "The Company")** is pleased to announce that the Company has completed all purchase payments to acquire a 100% interest in Pan American Silver Corp.'s ("Pan American") Lucita property in Zacatecas, Mexico. Pan American Silver retains a 2.0% Net Smelter Royalty (NSR) on the Lucita property.

Defiance also reports that the terms of the San Acacio property agreement were successfully renegotiated with the vendor.

TERMS OF LUCITA PROPERTY AGREEMENT

On December 2nd, 2020, Defiance entered into a definitive option agreement with Pan American to acquire a 100% interest in Pan American's Lucita property, located adjacent to Defiance's San Acacio property in Mexico's prolific Zacatecas silver district (Figure 1, [See News Release dated December 2, 2020](#)).

Defiance acquired 100% ownership of the Lucita Property, while Pan American retains a 2% NSR. The option terms included an initial payment of US\$100,000 upon signing; US\$100,000 on or before the first-year anniversary; US\$500,000 on or before the second-year anniversary; and a final payment of US\$800,000 on or before the third-year anniversary. The terms were successfully completed as of December 2023 with total payments of US\$1,500,00 being made.

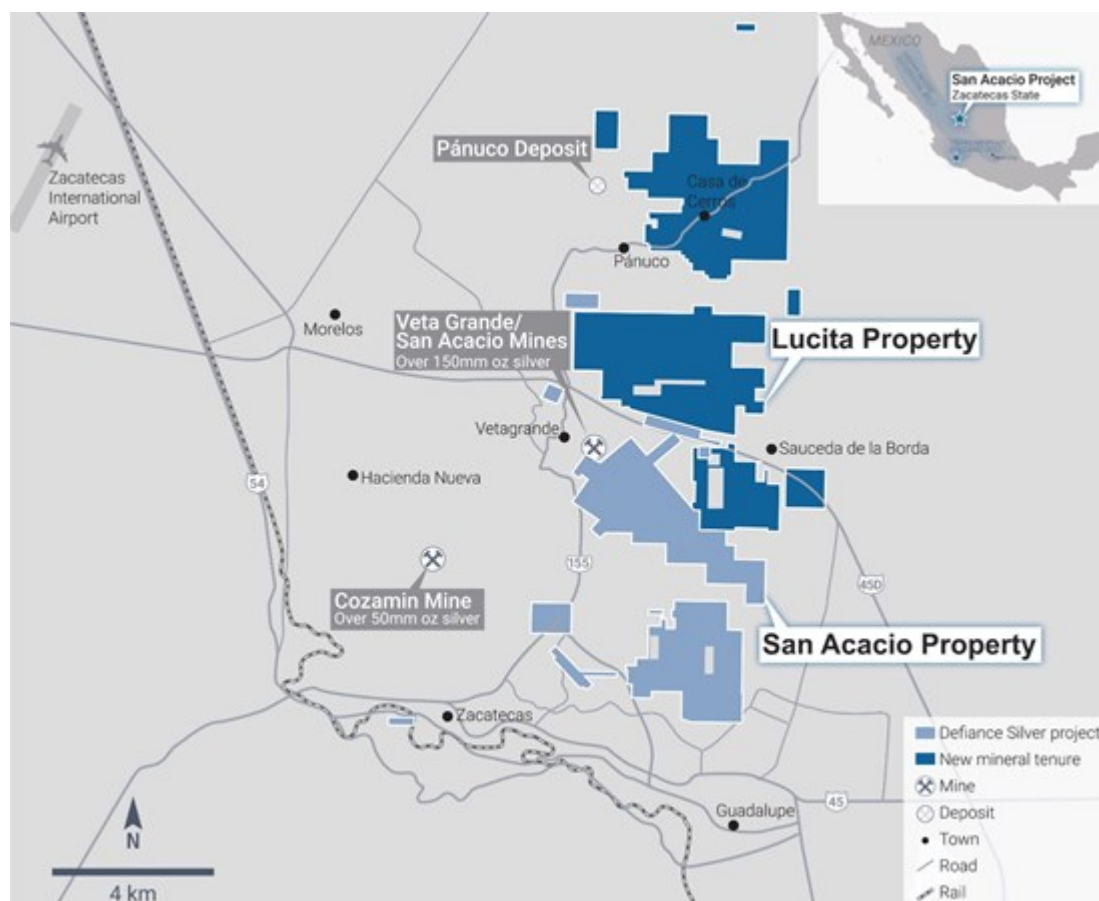


Figure 1: Map of Zacatecas District showing Defiance's Lucita and San Acacio properties

To view an enhanced version of this graphic, please visit:
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HIGHLIGHTS OF THE LUCITA ACQUISITION

Defiance Silver's 100%-owned Lucita land package includes both the Lucita Project and the Panuco Project (see Figure 2).

- Defiance's **Zacatecas District landholdings increased** from 1,600 Ha **to over 4,300 Ha**
- **LUCITA PROJECT** - Successful 2021 maiden drill program on the Palenque vein system including:
 - **Discovery of a blind epithermal system** returning **multiple high-grade results** in hole DDLU-22-10 ([See News Release dated August 9, 2022](#)).
 - Fresnillo-style **high-grade silver mineralization** encountered over intercepts **greater than 3 meters**, including results **up to 3,260 g/t Ag** (DDLU-21-05, from 154.10m - [See News Release dated April 13, 2022](#))
 - **Wide widths** of moderate-grade silver hosted in sediments, including an interval of **49.87m** with a weighted average of **58.79 g/t Ag**. (DDLU-22-13 - [See News Release dated April 13, 2022](#))
- **PANUCO PROJECT**: Ongoing exploration indicates the **presence of silver-rich polymetallic systems with large footprints**.
 - Historic drilling by Pan American intercepted multiple **high-grade silver results from different veins**, including 1.25m of 779g/t Ag (LU-11-09 from 180.10m) and 3.35m of 325 g/t Ag (LU-11-16 from 125.20m) ([See News Release dated December 2, 2020](#))
 - **Surface mapping and sampling** within Defiance's Panuco Project demonstrates the **presence of the mineralised on-strike extension** of the vein structure which hosts Zacatecas Silver Corporation's 16.4-million-ounce silver-equivalent Panuco Deposit. ** ([See Zacatecas Silver's NI 43-101 technical report dated January 28, 2022](#))
 - Initial exploration results suggest that Defiance's Panuco project is **one of the top polymetallic targets in the district**. Defiance will provide an update once the full analytical results have been received by the company.

**Defiance Silver's qualified person and technical team have not independently verified this information, and the information is not necessarily indicative of the mineralization on the Company's Panuco project.

- **FURTHER WORK**: More than **10 key target areas exist on Defiance's Lucita acquisition**.
 - **Systematic ranking** of the target areas will continue as the company receives results from the **ongoing property-wide mapping, sampling, and re-logging program**.
 - To facilitate an extensive drill campaign over the Lucita property, the company has completed the necessary work to submit a new permit. **Drill permissions are in place for a preliminary drill program** whilst the company awaits the grant of the new permit.
 - **Follow-up drilling is planned** for the most prospective targets.

MANAGEMENT COMMENTARY

Chris Wright, Chairman & CEO, commented: "This acquisition nearly tripled Defiance's Zacatecas District land position to over 4,300 Ha. The Lucita land package contains some of the most prospective targets in the historically underexplored Zacatecas silver district. Exercising the Lucita option represents a key milestone for Defiance Silver in establishing a district-scale land package in one of the most prolific historic silver districts in the world.

"Work to date on the Lucita land package continues to confirm our exploration thesis and strategy in the district. Both the historical high-grade drill results in the Panuco project area and Defiance's drill discoveries on the Palenque structure demonstrate the district-scale discovery potential of the Lucita

property."

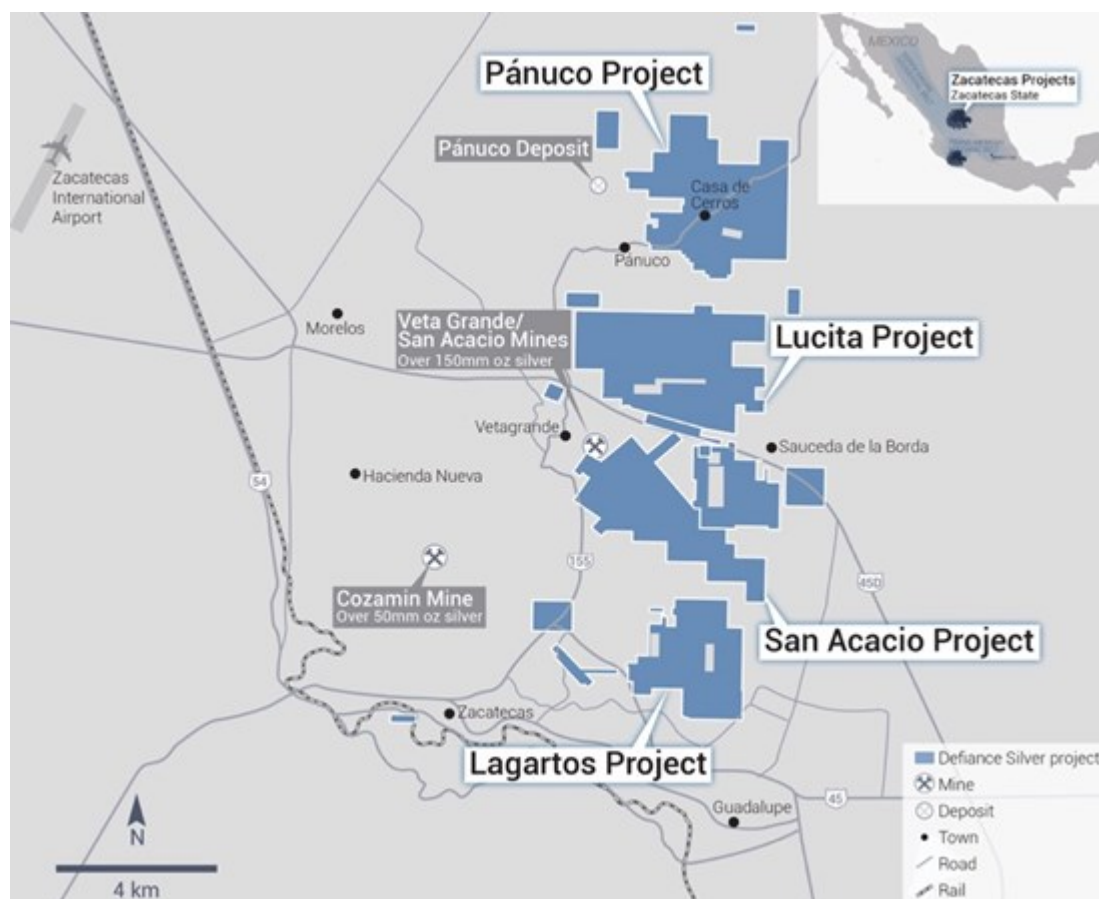


Figure 2: Map of Zacatecas District showing Defiance's project areas

To view an enhanced version of this graphic, please visit:

https://images.newsfilecorp.com/files/2950/193857_a2a4f7335432e8c5_002full.jpg

UPDATE ON SAN ACACIO OPTION AGREEMENT

Defiance is also pleased to announce that the Company has successfully restructured the option to acquire 100% of the San Acacio property in the the Zacatecas district.

The project vendor has agreed to extend the option agreement terms by one year from September 27, 2023 to September 27, 2024. Defiance will now be making quarterly payments, over the year, to the property vendor totaling US\$539,721.51, with the final option payment of US\$2,300,000 due September 27, 2024. In accordance with the original agreement, the vendor retains a 2.5% NSR which may be purchased for US\$2,500,000.

SHARES FOR DEBT/ SHARES FOR SERVICES

The Company also announces that it has settled and extinguished \$36,000 of outstanding debt (the "**Debt**") through the issuance of common shares of the Company (the "**Shares**"). In accordance with the settlement of debt (the "**Debt Settlement**"), the Company issued 257,143 Shares at a deemed price of \$0.14 per Share to one (1) non-arm's length creditor of the Company. The Company chose to settle and extinguish the Debt through the issuance of Shares to preserve cash and improve the Company's balance sheet. The Debt Settlement is subject to approval by the TSX Venture Exchange (the "**TSXV**").

The Company previously entered into a non-arm's length administrative services agreement dated May 1, 2023 (the "**Agreement**"), for services provided by an officer of the Company. As part of the consideration payable by the Company under the Agreement, the Company has agreed to issue that number of Common Shares equal to \$1,330 per month (the "**Service Shares**"), to be issued on a semi-

annual basis and pursuant to the policies of the TSXV. The Agreement was for a term of three months and has automatically renewed in accordance with its terms, terminable by either party providing 30 days' notice of such termination.

The deemed value of the Service Shares to be issued for a particular month, is to be the closing price of the Company's shares on the last trading day of the month.

For services rendered under the Agreement between the period of May 1, 2023 and December 31, 2023, the Company intends to issue 80,406 Shares at a weighted average price of \$0.136 per Share, subject to the approval of the TSXV.

The Service Shares issued are subject to a four month hold period, which will expire on a date that is four months and one day from the date of issuance.

The Issuance of the Shares pursuant to the Debt and the issuance of the Service Shares remains subject to the approval of the TSXV. No new insiders will be created, nor will any change of control occur, as a result of the issuance of the Debt Shares and Service Shares.

As certain insiders are party to the Agreement, it may be considered a "related party transaction" under Multilateral Instrument 61-101 Protection of Minority Security Holders In Special Transactions ("MI 61-101") and the TSXV. The Company is relying on the exemptions from the formal valuation and the minority shareholder approval requirements of MI-61-101 contained in section 5.5 (a) and Section 5.7 (1)(a) as the fair market value of the common shares being issued to insiders in connection with the Service Shares does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101.

ABOUT DEFIANCE SILVER CORP.

Defiance Silver Corp. (TSXV: DEF) (OTCQX: DNCVF) (FSE: D4E) is an exploration company advancing the district-scale Zacatecas project, located in the historic Zacatecas Silver District and the Tepal Gold/Copper Project in Michoacán state, Mexico. Defiance is managed by a team of proven mine developers with a track record of exploring, advancing, and developing several operating mines and advanced resource projects. Defiance's corporate mandate is to expand the San Acacio and Tepal projects to become premier Mexican silver and gold deposits.

Mr. George Cavey, P. Geo, is a Qualified Person within the meaning of National Instrument 43-101 and has approved the technical information concerning the Company's material mineral properties contained in this press release.

On behalf of Defiance Silver Corp.

"Chris Wright"

Chairman of the Board

For more information, please contact: Investor Relations at +1 (604) 343-4677 or via email at info@defiancesilver.com.

www.defiancesilver.com

Suite 2900-550 Burrard Street
Vancouver, BC V6C 0A3
Canada
Tel: +1 (604) 343-4677
Email: info@defiancesilver.com

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Caution Regarding Forward-Looking Information

Information contained in this news release which are not statements of historical facts may be "forward-looking information" for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words "believe", "expect", "anticipate", "contemplate", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", "understand" and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things: the Company's expectations regarding the ability of the Mining Bureau of Mexico City to reinstate ownership of the concessions to the Company, cooperation with the Mining Bureau relating to such reinstatement and the potential for any successful solution resulting therefrom.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Defiance, are inherently subject to significant technical, political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information. Factors and assumptions that could cause actual results or events to differ materially from current expectations include, among other things: the inability of the Company to regain possession of its concessions; political risks associated with the Company's operations in Mexico; the failure of the Mining Bureau in Mexico City to take any coercive action to reinstate ownership of the concessions to the Company; and the inability of the Company and its subsidiaries to enforce their legal rights in certain circumstances. For additional risk factors, please see the Company's most recently filed Management Discussions & Analysis for its quarter ended March 31, 2021, available on SEDAR at www.sedar.com.

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known, and unknown could cause actual results, performance, or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Defiance, and prospective investors should not place undue reliance on forward looking information. Forward-looking information in this news release is made as at the date hereof. The Company assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.



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