Neither the TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the Exchange's policies) has in any way passed upon the merits of the transactions described in the accompanying management information circular.

None of the Canadian securities regulatory authorities nor the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the proposed transactions involving ValOro Resources Inc. and Defiance Silver Corp., or passed upon the merits or fairness of the proposed transactions or upon the adequacy or accuracy of the information contained in this notice of special general meeting and management information circular. Any representation to the contrary is an offence.

ValOro
RESOURCES INC

NOTICE OF SPECIAL GENERAL MEETING (AMENDED)

AND

MANAGEMENT INFORMATION CIRCULAR (AMENDED)

REGARDING

A SPECIAL GENERAL MEETING OF THE SECURITYHOLDERS
OF

VALORO RESOURCES INC.

TO BE HELD ON

WEDNESDAY, DECEMBER 19, 2018

DATED AS OF NOVEMBER 22, 2018

These materials are important and require your immediate attention.
They require shareholders, warrantholders and optionholders of ValOro Resources Inc. to make important decisions.
If you are in doubt as to how to make such decisions, please contact your professional advisors.
If you have any questions or require more information with regard to the procedures for voting or completing your documentation, please contact the corporation's Chief Executive Officer and President at
604- 694-1742 or *dcraig@valoro.ca.*

ValOro
RESOURCES INC

November 22, 2018

Dear Shareholders, Warrantholders and Optionholders of ValOro,

On behalf of the management and board of directors of ValOro Resources Inc. ("**ValOro**"), it is my pleasure to invite you to attend the special general meeting (the "**Meeting**") of the holders of ValOro common shares ("**ValOro Shareholders**" and "**ValOro Shares**", respectively), holders of ValOro common share purchase warrants ("**ValOro Warrantholders**" and "**ValOro Warrants**", respectively) and holders of ValOro stock options ("**ValOro Optionholders**" and "**ValOro Options**", respectively) to be held in the boardroom of ValOro's legal counsel, **Northwest Law Group**, at **Suite 704, 595 Howe Street, Vancouver, British Columbia** on **Wednesday, December 19, 2018** at 10:00 a.m. (Vancouver time).

The Meeting is being held in connection with an arrangement agreement (the "**Arrangement Agreement**") between ValOro and Defiance Silver Corp. ("**Defiance**") entered into on Monday, November 5, 2018. Under the Arrangement Agreement, Defiance will acquire, subject to the approvals of the TSX Venture Exchange and the British Columbia Supreme Court and, voting as a group, the approval of the ValOro Shareholders, ValOro Warrantholders and ValOro Optionholders, all of the issued and outstanding ValOro Shares pursuant to a plan of arrangement (the "**Arrangement**").

If the Arrangement becomes effective, ValOro Shareholders will receive 0.71 common shares of Defiance ("**Defiance Shares**") for each ValOro Share held (the "**Exchange Ratio**"). In addition, the outstanding ValOro Warrants and ValOro Options will thereafter entitle the ValOro Warrantholders and ValOro Optionholders to purchase Defiance Shares, instead of ValOro Shares, in such numbers and at such prices as amended by the Exchange Ratio.

At the Meeting, ValOro Shareholders, ValOro Warrantholders and ValOro Optionholders (collectively, the "**ValOro Securityholders**") will be asked to approve the Arrangement. To be effective, the Arrangement must be approved by a majority of not less than two-thirds of the votes cast at the Meeting in person or by proxy by ValOro Securityholders (voting together as one class). At the Meeting, ValOro Shareholders will have one vote for each ValOro Share held, ValOro Warrantholders will have one vote for each ValOro Warrants held and ValOro Optionholders will have one vote for each ValOro Share subject to a ValOro Option held.

If the ValOro Securityholders approve the Arrangement and all of the conditions to the Arrangement are satisfied or, where permitted, waived, it is anticipated that the Arrangement will become effective on or before December 31, 2018.

The independent members of the board of directors of ValOro (the "ValOro Board") believe the Arrangement is fair to the ValOro Securityholders from a financial point of view and is in the best interests of ValOro. In making its recommendation, the ValOro Board considered a number of factors as described in the accompanying management Information Circular under the heading "*The Arrangement – Recommendation of the ValOro Board*" and "*The Arrangement – Reasons for Arrangement*". Accordingly, the independent members of the ValOro Board unanimously approved the Arrangement and recommend that ValOro Securityholders vote their ValOro Shares, ValOro Warrants and ValOro Options (collectively, "ValOro Securities") in favour of the Arrangement.

Each of the directors and officers of ValOro intend to vote their ValOro Securities FOR approval of the Arrangement. Directors and officers of ValOro holding 14.80% of the outstanding ValOro Securities have signed agreements to vote their ValOro Securities in favour of the Arrangement.

The accompanying Management Information Circular contains a detailed description of the Arrangement and other information relating to ValOro and Defiance. ValOro urges you to consider carefully all of the information in this Management Information Circular. If you require assistance, please consult your financial, legal or other professional advisor. If you have any questions or require more information with regard to the procedures for voting or completing your transmittal documentation, please contact the undersigned at 604- 694-1742 or dcraig@valoro.ca.

If you are unable to be present at the Meeting in person, ValOro encourages you to vote by completing the enclosed form of proxy. Voting by proxy will not prevent you, if you are a registered ValOro Securityholder, from voting in person if you attend the Meeting but will ensure that your vote will be counted if you are unable to attend. To be eligible for voting at the Meeting, the form of proxy must be returned to or deposited with ValOro's transfer agent, Computershare Trust Company of Canada (Attn: Proxy Department), through one of the following methods:

Fax: 1-866-249-7775 (within North America)
(+1) 416-263-9524(outside North America)

Mail: 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Canada
(toll free information line: 1-800-564-6253)

Courier: 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, Canada

Internet: www.investorvote.com

not later than 10:00 a.m. (Vancouver time) on Monday, December 17, 2018, or if the Meeting is adjourned or postponed, at least 48 business hours (where "business hours" means hours on days other than a Saturday, Sunday or any other holiday in British Columbia) before the time on the date to which the Meeting is adjourned or postponed.

If you are a non-registered holder of ValOro Shares and have received these materials through your broker or another intermediary, please complete and return the proxy or voting instruction form provided to you by your broker or such other intermediary in accordance with the instructions provided. Failure to do so may result in your ValOro Shares not being eligible to be voted at the Meeting. This is an important matter affecting the future of ValOro and your vote is important regardless of the number of ValOro Securities that you own.

On behalf of ValOro, I thank all ValOro Securityholders for their ongoing support as ValOro prepares to take part in this important event.

Yours truly,

(signed) Dunham L. Craig
President, Chief Executive Officer and Director

ValOro
RESOURCES INC

NOTICE (AMENDED) OF SPECIAL GENERAL MEETING OF SECURITYHOLDERS

NOTICE IS HEREBY GIVEN THAT a special general meeting (the "**Meeting**") of the holders of common shares ("**ValOro Shareholders**" and "**ValOro Shares**", respectively), holders of share purchase warrants ("**ValOro Warrantholders**" and "**ValOro Warrants**", respectively) and holders of stock options ("**ValOro Optionholders**" and "**ValOro Options**", respectively) of **ValOro Resources Inc.** ("**ValOro**") will be held in the boardroom of ValOro's legal counsel, **Northwest Law Group**, at **Suite 704, 595 Howe Street, Vancouver, British Columbia** on **Wednesday, December 19, 2018 at 10:00 a.m.** for the following purposes:

1. To consider, pursuant to an interim order of the Supreme Court of British Columbia made November 22, 2018 (the "**Interim Order**"), and, if deemed advisable, to authorize, by way of a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Schedule A to ValOro's Management Information Circular dated November 22, 2018 (the "**Circular**"), an arrangement under section 288 of the *Business Corporations Act* (British Columbia) ("**BCBCA**"), pursuant to a Plan of Arrangement set out in an Arrangement Agreement dated November 5, 2018 between ValOro and Defiance Silver Corp. ("Defiance") under which Defiance will acquire all of the outstanding ValOro Shares in consideration of common shares of Defiance ("**Defiance Shares**") on the basis of 0.71 Defiance Shares for each ValOro Share (the "**Exchange Ratio**") and all ValOro Warrants and ValOro Options will, on exercise, entitle the ValOro Warrantholders and ValOro Optionholders to acquire Defiance Shares, in such numbers and at such prices as amended by the Exchange Ratio (the "**Arrangement**"), all as described in the Circular.

2. Transact such other business as may properly come before the Meeting.

Pursuant to the Interim Order, **registered ValOro Shareholders may dissent with respect to the Arrangement Resolution and, if the Arrangement Resolution is passed, require ValOro to purchase, pursuant to the BCBCA, all of their ValOro Shares for their fair value** as described in the Circular under "*The Arrangement – Dissent Rights*". **Failure to strictly comply with the requirements with respect to the dissent rights set forth in the BCBCA may result in the loss of any right to dissent.** ValOro Shareholders who are beneficial owners of ValOro Shares registered in the name of a broker, custodian, nominee or other intermediary and who wish to dissent must make arrangements for their ValOro Shares to be registered in their name prior to the time the written objection to the Arrangement Resolution is required to be received by ValOro, or alternatively, make arrangements for the registered holder of their ValOro Shares to dissent on their behalf.

ValOro Securityholders are reminded to read the Circular before voting and, if unable to attend the Meeting in person, to complete and return the enclosed Proxy (or Request for Voting Instructions, a "**VIF**") in accordance with its instructions (or vote online). Unregistered ValOro Securityholders must return their completed VIFs in accordance with the instructions given by their financial institution or other intermediary that sent it to them (or vote online).

DATED this 22nd day of November 2018

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) EVELYN E. ABBOTT
CFO and Secretary

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INFORMATION CIRCULAR (AMENDED)

(As of November 16, 2018 (the "**Record Date**") and in Canadian dollars except where indicated)

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by management of ValOro Resources Inc. ("ValOro") for use at the special general meeting of securityholders (the "Meeting") to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting.

Forward-Looking Statements

Certain statements contained in this Circular are forward-looking statements, including, but not limited to, those relating to the proposed Arrangement, the timing of the various approvals for the proposed Arrangement, the timing of the closing of the proposed Arrangement, information concerning ValOro and Defiance after giving effect to the Arrangement, and other statements that are not historical facts. These statements are based upon certain factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including ValOro's experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of ValOro or Defiance after giving effect to the Arrangement, including but not limited to those statements under the headings "*The Arrangement – Reasons for Arrangement*", "*The Arrangement – Risk Factors*" and "*Information Pertaining to Defiance After Completion of the Arrangement*". Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "pro forma", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to those related to: the all necessary consents and approvals (including without limitation, shareholder, court and regulatory) for the Arrangement, the ability of Defiance after giving effect to the Arrangement to obtain necessary financing to pursue its business plans, the achievement of exploration and development goals, the obtaining of all necessary permits and governmental approvals, as well as expectations regarding availability of equipment, skilled labour and services needed for exploration and development of mineral properties, development, operating or regulatory risks, trends and developments in the mining industry, business strategy and outlook, expansion and growth of business and operations.

By their nature, forward looking statements are subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of ValOro or Defiance after giving effect to the Arrangement, that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. These factors include, but are not limited to: receipt of all necessary consents and approvals, actual results of exploration activities; changes in the estimation or realization of mineral reserves and resources;

capital expenditures; costs and timing of the development of new deposits; costs associated with environmental liabilities; requirements for additional capital; future prices of metals and minerals; possible variations in grades of mineralization or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities; title disputes; claims limitations on insurance coverage; risks related to the integration of acquisitions; fluctuations in the spot and forward price of gold; fluctuations in certain variable costs (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, Mexico or other countries in which Defiance after giving effect to the Arrangement may carry on business in the future; the speculative nature of mineral exploration and development; and management's success in anticipating and managing the foregoing factors, as well as the risks described under "*Risk Factors*".

These risk factors are not intended to represent a complete list of the risk factors that could affect ValOro or Defiance after giving effect to the Arrangement. Although ValOro has attempted to identify in this Circular important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements included herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, and there can be no assurance that the forward-looking statements in this Circular will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements in this Circular. All of the forward-looking statements made in this Circular are qualified by these cautionary statements.

These forward-looking statements are made as of the date of this Circular and, other than as specifically required by law, ValOro does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Financial Information and Accounting Principles

All financial statements and financial data derived therefrom included in this Circular have been prepared using International Financial Reporting Standards.

Information Contained in this Circular

The information contained in this Circular is given as at Record Date, except where otherwise noted. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by ValOro or Defiance.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular should not be construed as legal, tax or financial advice and ValOro Securityholders are urged to consult their own professional advisors in connection therewith.

Descriptions in this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are summaries of the terms of those documents. ValOro Securityholders should refer to the full text of each of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of

the Arrangement Agreement may be viewed on SEDAR at www.sedar.com. The Plan of Arrangement is appended hereto as Schedule B.

Information Pertaining to Defiance

Certain information in this Circular pertaining to Defiance, including, but not limited to, information pertaining to Defiance in "*Information Pertaining to Defiance After Completion of the Arrangement*" and Schedule C attached to this Circular has been furnished by Defiance, or is derived from Defiance's publicly available documents or records of Defiance on file with Canadian Securities Authorities and other public sources at the time of this Circular. Although ValOro does not have any knowledge that would indicate that such information is untrue or incomplete, neither ValOro nor any of its directors or officers in their capacity as directors or officers of ValOro assumes any responsibility for the accuracy or completeness of such information including any of Defiance's financial statements, or for the failure by Defiance to disclose events or information that may affect the completeness or accuracy of such information.

For further information regarding Defiance, please refer to Defiance's filings with the Canadian Securities Authorities which may be obtained through the SEDAR website at *www.sedar.com*.

GLOSSARY OF DEFINED TERMS

The following terms used in this Circular have the meanings set forth below:

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than Defiance (or any Affiliate of Defiance or any Person acting in concert with Defiance or any Affiliate of Defiance) after the date of the Arrangement Agreement relating to:

(a) an acquisition from ValOro or ValOro Shareholders of any securities of ValOro (other than on exercise of currently outstanding ValOro Options and ValOro Warrants);

(b) any acquisition of 20% or more of the assets of ValOro;

(c) an amalgamation, arrangement, merger, or consolidation involving ValOro; or

(d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving ValOro or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to ValOro under the Arrangement Agreement or the Arrangement.

"**Affiliate**" has the meaning specified in NI 45-106 and, without limiting that meaning, generally means a parent or subsidiary of a company or a subsidiary of a parent.

"**Arrangement**" means the arrangement involving Defiance and ValOro under Part 9, Division 5 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendments or supplement thereto made in accordance with the Arrangement Agreement and the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order.

"**Arrangement Agreement**" means the agreement dated November 5, 2018 between ValOro and Defiance respecting the Arrangement, together with the schedules attached thereto, as amended or supplemented from time to time.

"**Arrangement Resolution**" means the special resolution of the ValOro Securityholders approving the Arrangement, to be considered at the Meeting, substantially in the form and content of Schedule A to this Circular.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Beneficial Shareholders**" means ValOro Shareholders whose names do not appear in the ValOro shareholder register maintained by Computershare and whose ValOro Shares are held in the name of an Intermediary.

"**Business Day**" means a day, other than a Saturday, Sunday or a statutory or civic holiday in the City of Vancouver, British Columbia.

"**Canadian Securities Authorities**" means the securities regulatory authorities in each of the other provinces and territories of Canada as applicable.

"**Canadian Securities Laws**" means the Securities Act and the equivalent legislation in the other provinces where ValOro is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statutes, and the published policies, bulletins and notices of the regulatory authorities administering such statutes.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Circular**" means this management information circular of ValOro dated November 22, 2018.

"**Closing Certificate**" means the confirmation provided for in the definition of Effective Date in the Arrangement Agreement which, when signed by an authorized representative of each of Defiance and ValOro, confirms that all conditions to the completion of the Plan of Arrangement have been satisfied or waived to their respective satisfaction and all documents and instruments required thereunder, the Plan of Arrangement and the Final Order have been delivered.

"**Computershare**" means ValOro's transfer agent, Computershare Trust Company of Canada.

"**Court**" means the Supreme Court of British Columbia.

"**CRA**" means the Canada Revenue Agency.

"**Defiance**" means Defiance Silver Corp.

"**Defiance Board**" means the board of directors of Defiance.

"**Defiance Financing**" means financing which may be undertaken by Defiance, with the support and cooperation of ValOro, on a private placement basis, through the distribution of securities of Defiance, with a view to raising up to $ 5,000,000.

"**Defiance Shareholders**" means the registered and beneficial holders of Defiance Shares.

"**Defiance Shares**" means common shares in the capital of Defiance.

"**Dissent Procedures**" has the meaning ascribed thereto in "*The Arrangement – Dissent Rights*".

"**Dissent Rights**" means the right of dissent and appraisal which may be exercised by holders of ValOro Shares in connection with the Arrangement in accordance with the Dissent Procedures.

"**Dissenting Shareholder**" means a Registered Shareholder who has duly exercised a Dissent Right and who is ultimately entitled to be paid the fair value of the ValOro Shares held by such Registered Shareholder, as is determined in accordance with the Plan of Arrangement.

"**Dissenting Shares**" has the meaning ascribed thereto in "*The Arrangement – Dissent Rights*".

"**Effective Date**" means the effective date of the Arrangement, being the second Business Day after the date of the Closing Certificate.

"**Effective Time**" means the time on the Effective Date when the Arrangement becomes effective.

"**Exchange Agent**" means Computershare Trust Company of Canada.

"**Exchange Ratio**" means 0.71 Defiance Shares for each ValOro Share.

"**Final Order**" means the final order of the Court, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement, in a form acceptable to ValOro and Defiance, each acting reasonably, as such order may be amended by the Court (with the consent of ValOro and Defiance, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange.

"**IFRS**" means International Financial Reporting Standards issued by the International Accounting Standards Board.

"**Interim Order**" means the interim order of the Court, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court, and the approximate form of which is attached as Schedule A to the Petition.

"**Intermediary**" has the meaning ascribed thereto in "*General Proxy Information – Beneficial Shareholders*".

"**Locked-up Securityholders**" means all of the directors and officers of ValOro, and one or more significant shareholders of ValOro, who have entered into Voting Agreements with Defiance.

"**LOI**" means that letter of intent between ValOro and Defiance dated September 5, 2018 wherein the general terms and conditions of the Arrangement were initially documented.

"**Material Adverse Effect**", in relation to any event or change, means an effect that is, or would reasonably be expected to be, materially adverse to the business, affairs, operations, prospects, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, privileges or liabilities, whether contractual or otherwise, of Defiance or ValOro, as the case may be, but a Material Adverse Effect shall not include an adverse effect resulting from a change that arises out of or results from:

(a) a matter that has been publicly disclosed prior to the Effective Date or otherwise disclosed in writing by a ValOro or Defiance to the other prior to the Effective Date;

(b) conditions affecting the mining or mineral exploration industry generally in jurisdictions in which it carries on business, including changes in share prices, commodity prices or taxes;

(c) general economic, financial, currency exchange, securities or commodity market conditions; or

(d) any announcements relating to or having any effect on Defiance or ValOro, as the case may be, due to any changes or proposed changes to applicable royalty or tax structures.

"**Meeting**" means the special general meeting of ValOro Securityholders, including any adjournment or postponement thereof in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in this Circular.

"**Meeting Materials**" has the meaning ascribed thereto in "*General Proxy Information – Beneficial Shareholders*".

"**NI 45-106**" means National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Authorities.

"**NI 54-101**" means National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Authorities.

"**Outside Date**" means December 31, 2018 or such later date as may be agreed to in writing by the Defiance and ValOro.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Petition**" means the Petition to the Court pursuant the Interim Order was obtained, and attached hereto as Schedule E.

"**Plan of Arrangement**" means the plan of arrangement in the form and content of Schedule B attached to this Circular, subject to any amendments or variations to such plan made in accordance with the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of ValOro and Defiance, each acting reasonably.

"**Proxy**" has the meaning ascribed thereto in "*General Proxy Information – Appointment of Proxies*".

"**Record Date**" means November 16, 2018.

"**Registered Shareholder**" means a registered holder of ValOro Shares as recorded in the ValOro shareholder register maintained by Computershare.

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act.

"**SEC**" means the United States Securities and Exchange Commission.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act afforded by Section 3(a)(10) of the U.S. Securities Act.

"**Securities Act**" means the *Securities Act* (British Columbia), as amended.

"**Share Consideration**" means the consideration to be received by the ValOro Shareholders pursuant to the Plan of Arrangement as consideration for their ValOro Shares, consisting of 0.71 Defiance Shares for each ValOro Share.

"**Subsidiary**" means, with respect to a specified company, any company, partnership, joint venture or other entity of which the specified company (i) is entitled to elect a majority of the board of directors or managers thereof, (ii) owns, directly or indirectly, or exercises direction or control over, more than a 50% interest, or (iii) is in a relation similar to either of the foregoing.

"**Superior Proposal**" means any written *bona fide* Acquisition Proposal to ValOro which the ValOro Board determines in good faith, after consultation with its financial advisor, would, if consummated in accordance with its terms, result in a transaction financially superior for ValOro Shareholders in comparison to the Arrangement

and after receiving the advice of outside counsel, that the taking of such action is necessary for the ValOro Board in discharge of its fiduciary duties under applicable laws, regulations, rules and stock exchange policies.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

"**Termination Fee**" means $217,204.

"**TSXV**" means the TSX Venture Exchange.

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

"**U.S. Person**" means a "U.S. person" as defined in Rule 902(k) of Regulation S, and includes but is not limited to (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any partnership or corporation organized outside the United States by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by "accredited investors" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) who are not natural persons, estates or trusts; (iv) any estate or trust of which any executor or administrator or trustee is a U.S. Person.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**U.S. Securityholders**" means those ValOro Shareholders and, if the context requires, those ValOro Warrantholders and ValOro Optionholders that are U.S. Persons or that are located in the United States.

"**ValOro**" means ValOro Resources Inc.

"**ValOro Board**" means the board of directors of ValOro.

"**ValOro Option Plan**" means the ValOro stock option plan as most recently approved by the ValOro Shareholders on November 1, 2017, pursuant to which ValOro Options are granted.

"**ValOro Optionholder**" means a holder of ValOro Options.

"**ValOro Options**" means the outstanding incentive stock options to purchase ValOro Shares as of the date hereof.

"**ValOro Securities**" means collectively all outstanding ValOro Shares, ValOro Warrants and ValOro Options.

"**ValOro Securityholders**" means collectively the ValOro Shareholders, ValOro Warrantholders and ValOro Optionholders.

"**ValOro Shareholders**" means the registered or beneficial holders of the ValOro Shares.

"**ValOro Shares**" means common shares in the capital of ValOro.

"**ValOro Warrantholder**" means a holder of ValOro Warrants.

"**ValOro Warrants**" mean the outstanding warrants to purchase ValOro Shares as of the date hereof.

"**VIF**" has the meaning ascribed thereto in "*General Proxy Information – Beneficial Shareholders*".

"**Voting Agreements**" means, collectively, the voting agreements dated November 5, 2017 between Defiance and each of the Locked-up Securityholders.

"**VWAP**" means volume weighted average price.

SUMMARY OF INFORMATION CIRCULAR

The following is a summary of certain information contained elsewhere in this Circular, including the Schedules hereto. Certain capitalized terms used in this summary are defined in the Glossary of Defined Terms or elsewhere in this Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular.

ValOro Securityholder Approval

At the Meeting, ValOro Securityholders will be asked to consider and approve the Arrangement Resolution to carry out the Arrangement in accordance with the terms of the Plan of Arrangement contained the Arrangement Agreement. Completion of the Arrangement will result in the acquisition by Defiance of all the outstanding ValOro Shares and ValOro becoming a wholly-owned Subsidiary of Defiance.

To be effective, the Arrangement Resolution must be approved by a special majority of ValOro Securityholders, being not less than two-thirds of the votes cast at the Meeting in person or by proxy by ValOro Securityholders).

Details of the Arrangement

If the Arrangement Resolution is approved at the Meeting, the Final Order approving the Arrangement is issued by the Court (see "*Court Approval*" below) and the applicable conditions to completion of the Arrangement are satisfied the following steps will be taken at the Effective Time pursuant to the Plan of Arrangement to complete the Arrangement:

1. each ValOro Share held by a Dissenting Shareholder shall be deemed to be transferred to ValOro, free and clear of all liens, claims and encumbrances, by the Dissenting Shareholder without any further action on its part, each such ValOro Share shall be cancelled, the name of such ValOro Shareholder shall be removed from ValOro's shareholder register as a holder of ValOro Shares and ValOro shall pay the fair value for each such ValOro Share;

2. each ValOro Share outstanding immediately prior to the Effective Time (other than those held by Dissenting Shareholders) shall be transferred by the ValOro Shareholder to Defiance in exchange for that number of Defiance Shares equal to the number of ValOro Shares multiplied by the Exchange Ratio (and rounded down to the nearest whole Defiance Share if a fractional share of less than 0.5 would be issued or up to the nearest whole Defiance Share if a fractional share of 0.5 or more would be issued) and ValOro will become a wholly-owned Subsidiary of Defiance; and

3. the ValOro Warrants and ValOro Options will remain outstanding for the balance of their original exercise periods and if ValOro becomes obligated to issue ValOro Shares pursuant to the exercise of any ValOro Warrant or ValOro Option after the Effective Time, such obligation will be satisfied by the delivery of that number of Defiance Shares equal to the number of ValOro Shares which would have been issued immediately before the Effective Time multiplied by the Exchange Ratio, and the exercise price therefor shall be the exercise price of such ValOro Warrant or ValOro Option immediately before the Effective Time divided by the Exchange Ratio (subject to any further adjustment in the securities issuable and exercise price payable as a result of any corporate action by Defiance as a successor to ValOro) and the Person entitled to receive the ValOro Shares will be bound by the terms of the Plan of Arrangement and will receive and accept Defiance Shares in lieu of ValOro Shares.

To obtain their Defiance Shares in exchange for ValOro Shares, Registered Shareholders must complete a letter of transmittal and deliver it to the Exchange Agent along with certificates representing their ValOro Shares, in

accordance with the instructions provided in the letter of transmittal. **This must be done on or before the sixth anniversary of the Effective Date, and Persons who tender certificates for ValOro Shares after the sixth anniversary of the Effective Date will not receive Defiance Shares, will not own any interest in Defiance, and will not be paid any cash or other compensation.**

See "*Letter of Transmittal*" and "*Cancellation of Rights after Six Years*" in this Circular.

Court Approval

On November 22, 2018, ValOro obtained the Interim Order pursuant to the Petition.

Under the terms of the Interim Order, each ValOro Securityholder will have the right, if the Arrangement Resolution is approved, to appear and make representations at the hearing for the Final Order at 9:45 a.m. (Vancouver time) on or about December 21, 2018 at the Courthouse, 800 Smithe Street, Vancouver, British Columbia. ValOro Securityholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement as proposed or as amended in any manner as the Court may direct and its approval is required for the Arrangement to become effective. The Court will be informed prior to the hearing for the Final Order that its determination that the Arrangement is fair to ValOro Securityholders, both substantively and procedurally, will constitute the basis to claim the Section 3(a)(10) Exemption with respect to the issuance of the Defiance Shares to be issued to and exchanged with U.S. Securityholders pursuant to the Arrangement.

Recommendation of the ValOro Board

After careful consideration, the independent members of the ValOro Board have unanimously determined that the Share Consideration based on the Exchange Ratio and the Arrangement are fair to ValOro Securityholders and that the Arrangement is in the best interests of ValOro. **Accordingly, the independent members of the ValOro Board recommend that the ValOro Securityholders vote FOR the Arrangement Resolution.** One director, Dunham Craig, abstained from voting on the Arrangement since he will receive, on the Effective Date, payment of $189,063 under his Retirement Allowance Agreement dated July 10, 2018 with ValOro. Such payment will be satisfied by the issuance of 674,502 Defiance Shares.

Reasons for Arrangement

In the course of its evaluation of the Arrangement, the ValOro Board:

- consulted with ValOro's senior management, legal counsel and auditors;
- reviewed information derived from ValOro's due diligence review of Defiance; and
- considered the Arrangement with reference to the general industry, economic, and market conditions as well as the financial condition of ValOro, its prospects, strategic alternatives, competitive position, and the risks related to ValOro's ongoing financial requirements to maintain its current level of activity and advance its mineral projects.

Specifically, the ValOro Board considered the following factors and benefits to ValOro, among others, that are expected to arise out of the Arrangement:

- *ValOro and Defiance's Projects are Complementary*. ValOro's Tepal Copper-Gold Project and Defiance's San Acacio Silver Project are both located in Mexico and together will comprise a robust resource base with significant exploration potential.

- *Proven management team:* The management and board of directors of the combined company will have extensive experience in all critical mining and exploration disciplines with demonstrated capabilities in financing, acquiring, developing and operating mines and a proven track record of exploration successes.

- *Attractive Exchange Ratio*. The Arrangement values each ValOro Share at C$ 0.20, representing a 54.3% premium to the closing price of the ValOro Shares based on the closing price of the Defiance Shares on the TSXV on the date the LOI was signed and a 98.2% premium to the 60 day VWAP of ValOro's shares based on the 60 day VWAP of Defiance's shares on the TSXV preceding the date the LOI was signed. The independent members of the ValOro Board consider the Exchange Ratio fair to ValOro Shareholders.

- *ValOro Shareholders will benefit from Participation in a Stronger Company with Greater Share Capitalization*. The combined company will have greater market capitalization and is expected to develop a more liquid market for its shares than ValOro.

- *Continued Participation by ValOro Shareholders*. ValOro Shareholders will continue to participate in any value increases associated with ValOro's business, through their ownership of Defiance Shares. Following the completion of the Arrangement with Defiance (and based upon Defiance's Shares issued and outstanding as of the Record Date), ValOro Shareholders will hold approximately 13% of the then outstanding Defiance Shares, on a non-diluted basis.

- *Increased Financial Resources to Advance ValOro's Tepal Project*. ValOro will need to access equity, debt or royalty financing to provide funding for its Mexican Tepal Project. ValOro has been unable to arrange the necessary funding to develop the Project or for general operating expenses. Defiance has historically been able to raise equity financing and will use commercially reasonable efforts to complete the Defiance Financing prior to the Effective Date.

- *ValOro's Projects will Benefit from Defiance's Business Relationships*. Defiance's management has established business relationships within the mining industry and financial community which are anticipated to increase the availability of new financing and improve access to technical expertise. Additionally, Defiance's management has developed good business relations in Mexico, and will be able to use its existing resources in Mexico to assist with the development of ValOro's Tepal Project.

- *Arrangement Agreement Terms*. Under the Arrangement Agreement, the ValOro Board remains able to respond, in accordance with its fiduciary duties, to unsolicited proposals that are more favourable to ValOro Securityholders than the Arrangement, but subject to the terms of the Arrangement Agreement.

- *Required Approvals*. The following rights and approvals protect ValOro Securityholders: (i) the Arrangement Resolution must be approved by not less than two-thirds of the votes cast at the Meeting by ValOro Securityholders voting together as a single class; (ii) the Arrangement must be approved by the Court, which will consider, among other things, the fairness of the Arrangement to ValOro Securityholders; and (iii) Registered Shareholders have the right to dissent from the Arrangement, and be paid the fair value of their ValOro Shares.

Parties to the Arrangement

ValOro is governed by the corporate laws of British Columbia. Its registered and records offices are located at Suite 704 – 595 Howe Street, Vancouver, British Columbia. The ValOro Shares are listed for trading on the TSXV under the symbol "VRO".

Defiance is also governed by the corporate laws of British Columbia. Its head office is located at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia and its registered and records offices are located at Suite 2900 – 595 Burrard Street, Vancouver, British Columbia. The Defiance Shares are listed for trading on the TSXV under the symbol "DEF".

See Schedule C appended hereto and "*Information Pertaining to Defiance after Completion of the Arrangement*" for a description of Defiance and Defiance after giving effect to the Arrangement.

The Arrangement Agreement

This Circular contains a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, a copy of which is available for viewing on SEDAR at www.sedar.com. See "*The Arrangement Agreement*" for the summary of specific provisions.

Representations, Warranties and Covenants

The Arrangement Agreement contains representations and warranties made by ValOro to Defiance and by Defiance to ValOro. Those representations and warranties were made solely for the purposes of the Arrangement Agreement and may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, some of the representations and warranties contained in the Arrangement Agreement are subject to a contractual standard of materiality (including a Material Adverse Effect) that is different from that generally applicable to the public disclosure to ValOro Securityholders, or those standards used for the purpose of allocating risk between parties to an agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

ValOro and Defiance have also respectively agreed to certain customary covenants relating to the conduct of their businesses, seeking shareholder approvals (but only if such approval is required by the TSXV in the case of Defiance), and compliance with closing conditions.

See "*The Arrangement Agreement –Representations and Warranties*" in this Circular.

Conditions Precedent

The obligations of ValOro and Defiance to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment of each of the mutual conditions as set out in the Arrangement Agreement, each of which may only be waived with the mutual consent of the parties. The Arrangement Agreement also provides for additional conditions in favour of each party, which are for the exclusive benefit of the relevant party and may be waived by that party.

See "*The Arrangement Agreement – Conditions Precedent*" in this Circular.

Non-Solicitation Covenants of ValOro

Pursuant to the Arrangement Agreement, ValOro has agreed that it will not, directly or indirectly, and will not authorize or permit any of its representatives to: (i) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing any information or entering into any form of agreement, arrangement or understanding) any Acquisition Proposal; (ii) enter into or otherwise engage or participate in any discussions or negotiations regarding an Acquisition Proposal; or (iii) enter into, or publicly propose to enter into, any agreement in respect of any Acquisition Proposal.

Notwithstanding the foregoing, if the ValOro Board receives a *bona fide* Acquisition Proposal that was not solicited and if, in the opinion of the ValOro Board, acting in good faith and after receiving advice from its outside financial advisor and legal counsel, the Acquisition Proposal is a Superior Proposal and that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties, then the ValOro Board must notify Defiance of the terms of such Superior Proposal. If Defiance fails to modify the terms of the Arrangement to match or exceed the Superior Proposal within 72 hours then ValOro may accept the Superior Proposal provided it pays the Termination Fee to Defiance.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time before the Effective Time, in the circumstances specified in the Arrangement Agreement.

See "*The Arrangement Agreement – Termination*" in this Circular.

Dissent Rights

Registered Shareholders have Dissent Rights with respect to the Arrangement. Any Registered Shareholder who dissents from the Arrangement Resolution in accordance with sections 238 to 247 of the BCBCA, as may be amended by the Interim Order, will be entitled to be paid by Defiance the fair value of the ValOro Shares held by the ValOro Shareholder, determined as at the point in time immediately before the Arrangement Resolution is approved by the ValOro Securityholders. **A Dissenting Shareholder who fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order will lose their Dissent Rights. The Dissent Rights are set out in their entirety in the Interim Order, the text of which is set out in Schedule D to this Circular.**

To exercise the Dissent Right a written objection to the Arrangement Resolution must be received by ValOro not later than 5:00 p.m. (Vancouver time) on December 14, 2018, or at least two days prior to any date to which the Meeting may be postponed or adjourned.

See "*The Arrangement – Dissent Rights*" in this Circular.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the ValOro Board, ValOro Securityholders should be aware that the CEO and CFO of ValOro (the CEO is also a director of ValOro), may receive benefits that may differ from, or be in addition to, the interests of ValOro Securityholders generally. Both will receive severance payments which will be satisfied by the issuance of Defiance Shares. The CFO will be retained by Defiance after giving effect to the Arrangement on terms that differ from her current arrangement with ValOro.

All benefits received, or to be received, by them as a result of the Arrangement are, and will be, solely in connection with their services as former employees of ValOro and, for the CFO, as a new employee of Defiance

after giving effect to the Arrangement. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for ValOro Shares, nor is it, or will it be, conditional on the person supporting the Arrangement.

Income Tax Considerations

ValOro Securityholders should consult their own tax advisors about the applicable Canadian tax consequences of the Arrangement.

See "*Certain Canadian Federal Income Tax Considerations*".

Securities Laws Information for Canadian ValOro Shareholders

The issuance of Defiance Shares pursuant to the Arrangement, including the issuance of Defiance Shares on exercise of the ValOro Warrants and ValOro Options, will constitute distributions of securities which are exempt from the prospectus requirements of the Canadian Securities Laws. The Defiance Shares issued pursuant to the Arrangement, including the Defiance Shares issuable upon the exercise of the ValOro Warrants, may be resold in any province or territory of Canada, if: (i) Defiance is a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade; (ii) the trade is not a "control distribution" as defined in National Instrument 45-102 - *Resale of Securities* of the Canadian Securities Authorities; (iii) no unusual effort is made to prepare the market or create a demand for those securities; (iv) no extraordinary commission or consideration is paid in respect of that sale; and (v) if the selling securityholder is an insider or officer of Defiance, the insider or officer has no reasonable grounds to believe that Defiance is in default of Canadian Securities Laws.

See "*Securities Laws Considerations – Canadian Securities Laws*" in this Circular.

Securities Laws Information for United States ValOro Shareholders

The Defiance Shares to be issued pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance on the Section 3(a)(10) Exemption. The Defiance Shares will generally not be subject to resale restrictions under U.S. federal securities laws for Persons who are not Affiliates of Defiance after giving effect to the Arrangement at the time of, or within 90 days prior to, the resale of such Defiance securities.

See "*Securities Laws Considerations – United States Securities Laws*" in this Circular.

Risk Factors

The Arrangement poses a variety of risks and potentially negative factors in connection with the Arrangement, including, but not limited to:

- The value of the Defiance Shares issued on closing of the Arrangement may have a market value different from that at the time of announcement of the Arrangement, and since ValOro Shareholders will receive Defiance Shares based on a fixed Exchange Ratio, the value of the consideration received for their ValOro Shares under the Arrangement may decrease.

- No independent fairness opinion or valuation was undertaken concerning the Arrangement or value being offered to ValOro Securityholders.

- The completion of the Arrangement is subject to several conditions that must be satisfied or waived. There can be no certainty that these conditions will be satisfied or waived.

- The Arrangement Agreement may be terminated by ValOro or Defiance in certain circumstances, in which case the market price for ValOro Shares may be adversely affected, and, if it accepts a Superior Proposal, ValOro may have to pay the Termination Fee.

- The risks to ValOro if the Arrangement is not completed, including the opportunity cost to ValOro in pursuing the Arrangement to the exclusion of other possible strategies.

The receipt and holding of Defiance Shares under the Arrangement is subject to certain risks described under the heading "*Risk Factors*" in Defiance's Management's Discussion and Analysis for the year ended June 30, 2018, which is incorporated by reference into this Circular. See Schedule C for information on documents incorporated by reference into this Circular. ValOro Securityholders should carefully consider these risk factors before making a decision regarding the Arrangement Resolution.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is being furnished in connection with the solicitation of proxies by the management of ValOro for use at the Meeting (or any adjournment or postponement thereof). The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by directors, officers or employees of ValOro, none of whom will receive extra compensation for such activities. In addition, ValOro may retain the services of a proxy solicitation agent, if requested to do so by Defiance. The cost of this solicitation will be borne by ValOro.

If you are a Registered Shareholder, ValOro Warrantholder or a ValOro Optionholder, you can vote in person at the Meeting or by proxy as explained below. If you are a Beneficial Shareholder, follow the instructions provided by your Intermediary - see the heading "*Beneficial Shareholders*" below.

Appointment of Proxies

Registered Shareholders, ValOro Warrantholders and ValOro Optionholders may wish to vote by proxy whether or not they are able to attend the Meeting in person.

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors or officers of ValOro. **If you are entitled to vote at the Meeting, you have the right to appoint a Person other than the Persons designated in the Proxy, who need not be a ValOro Shareholder, ValOro Warrantholder or ValOro Optionholder to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other Person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Registered Shareholders, ValOro Warrantholders and ValOro Optionholders who wish to submit a Proxy may do so by returning a completed, dated and signed Proxy to Computershare by using one of the following methods:

Fax: 1-866-249-7775 (within North America)
(+1) 416-263-9524(outside North America)

Mail: 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Canada
(toll free information line: 1-800-564-6253)

Courier: 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, Canada

Internet: www.investorvote.com

A Proxy will not be valid unless completed, dated and signed and received by Computershare at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof.

Voting by Proxy

Your ValOro Securities will be voted for or against, or withheld from voting on each item listed on the Proxy in accordance with your instructions on your Proxy.

If you do not specify how you want to vote on any item listed on the Proxy, the directors or officers named in the Proxy will vote the ValOro Securities represented by the Proxy FOR the approval of the Arrangement Resolution as described in this Circular.

If you choose to appoint someone other than the directors or officers named in the Proxy to vote on your behalf at the Meeting, he or she will vote your ValOro Securities in accordance with your instructions. On items for which you do not specify how you want to vote, your proxyholder will vote your ValOro Securities as he or she sees fit.

The Proxy also gives discretionary authority to the proxyholder, whether a director or officer or a Person named by you, to vote your ValOro Securities as he or she sees fit on any other matter that may properly come before the Meeting.

Beneficial Shareholders

The information set forth in this section is of significant importance to Beneficial Shareholders whose ValOro Shares are not registered in their own names.

The ValOro Shares of a Beneficial Shareholder will be registered in the name of one of the following:

1. an intermediary that you deal with in respect of your ValOro Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, TFSAs and similar plans; or

2. a clearing agency (such as The Canadian Depository for Securities Limited in Canada or Cede & Co. in the United States) of which your intermediary is a participant,

all of which are referred to as "**Intermediaries**" in this Circular.

ValOro Shares held for Beneficial Shareholders by Intermediaries can only be voted at the Meeting upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting shares held for Beneficial Shareholders. **Therefore, if you are a Beneficial Shareholder, you should ensure that your instructions are communicated to the appropriate Person well in advance of the Meeting.**

In accordance with Canadian Securities Laws, ValOro or Computershare has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the "**Meeting Materials**") to Intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has declined to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions) to forward the Meeting Materials to Beneficial Shareholders.

Meeting Materials sent to Beneficial Shareholders may be accompanied by a request for voting instructions (a "**VIF**"), instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct its Intermediary how to vote on behalf of the Beneficial Shareholder. VIFs should be completed and returned in accordance with the specific instructions noted on the VIF.

Should a Beneficial Shareholder receive a VIF and wish to attend the Meeting or have someone else attend on his or her behalf, the Beneficial Shareholder may complete the appointment section of the VIF, inserting the name of the Person whom the Beneficial Shareholders wishes to appoint to attend and vote. **Beneficial Shareholders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered**.

The Meeting Materials are being sent to ValOro Securityholders, including Registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder, and ValOro or Computershare has sent these materials directly to you, your name and address and information about your holdings of ValOro Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding your ValOro Shares. By choosing to send these materials to you directly, ValOro (and not the Intermediary) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

Revocation of Proxies

Any Registered Shareholder, ValOro Warrantholder or ValOro Optionholder may revoke a Proxy at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Registered Shareholder, ValOro Warrantholder or ValOro Optionholder or its attorney authorized in writing may revoke a Proxy by an instrument in writing, including a Proxy bearing a later date. The instrument revoking the Proxy must be deposited with Computershare or at the registered office of ValOro at Suite 704 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5, at any time up to and including the last Business Day preceding the date of the Meeting or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

Only Registered Shareholders, ValOro Warrantholders or ValOro Optionholders have the right to revoke a Proxy. A Beneficial Shareholder who wishes to change its vote must provide instructions in advance of the cut-off date specified by its Intermediary, so that the Intermediary can change the voting instructions on behalf of the Beneficial Shareholder.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the current or former directors, executive officers, or employees of ValOro, were indebted to ValOro or any of its Subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein and for management fees paid in the ordinary course of business, since the commencement of the last completed financial year, no informed person of ValOro, proposed director of ValOro, or any associates or Affiliate of any informed person or proposed director, has any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect ValOro or any of its Subsidiaries.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Record Date has been fixed by the directors of ValOro for the purpose of determining the ValOro Securityholders entitled to receive notice of and to vote at the Meeting as confirmed in the Interim Order. As at the Record Date, there are 21,720,448 ValOro Shares, 1,912,263 ValOro Warrants to purchase an equal number of ValOro Shares and ValOro Options to purchase 1,931,000 ValOro Shares issued and outstanding, with each ValOro Share, ValOro Warrant and ValOro Option carrying the right to one vote at the Meeting.

To the knowledge of the directors and executive officers of ValOro, no Person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying 10% or more of the voting rights attached to the voting securities of ValOro.

THE ARRANGEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement, the Plan of Arrangement and related documents.

A summary of the principal terms of the Arrangement Agreement and the Plan of Arrangement is provided in this Circular. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement and the Plan of Arrangement. The Arrangement Agreement is available on SEDAR at www.sedar.com and the Plan of Arrangement is attached at Schedule B to this Circular. Capitalized terms have the meanings set out in the Glossary of Terms, or are otherwise defined herein.

Background to the Arrangement

The provisions of the Arrangement Agreement are the result of arm's length negotiations conducted between representatives of ValOro, Defiance and their respective legal advisors. Discussions were initially held on an informal basis among various directors of ValOro and Defiance, prompted primarily by ValOro being unable to arrange the necessary financing to develop its Tepal Copper-Gold Project in a timely and complete manner.

ValOro's management and members of the ValOro Board held discussions and came to the conclusion that the possible benefits of combining with Defiance were numerous and likely to enhance ValOro's success. Management of ValOro was acutely aware of the lack of financing available for junior companies, and the resulting negative impact on the solvency of many junior listed companies and their shareholders' investment return prospects. In addition to enhanced funding, ValOro's management highlighted other potential benefits of a merger, including:

(i) participating in a larger, well-capitalized entity managed by individuals with strong reputational capabilities;

(ii) achieving risk diversification; and

(iii) realizing on inherent synergies between the companies. Defiance also concluded that the benefits of combining with ValOro enhanced Defiance's business by access to increased mineral production through ValOro's processing plant, with potential for future development.

On September 5, 2018, ValOro and Defiance entered into the LOI and the terms of the proposed business combination were announced in a joint press release issued by ValOro and Defiance on September 17, 2018.

On August 9, 2018, a mutual Confidentiality Agreement was entered into by ValOro and Defiance, at which time they began their respective due diligence investigations of the other and the Arrangement.

Following a review of the draft documents and agreements, including the Plan of Arrangement and Arrangement Agreement, the independent directors of ValOro, having given consideration to all relevant facts in the matter, and considering advice from legal advisors, determined that the Arrangement was fair to the ValOro Securityholders and that it was in the best interest of ValOro.

Thereafter, the proposed merger with Defiance was approved by the independent directors of ValOro. Based thereon, the Arrangement Agreement was entered into as of November 5, 2018.

ValOro Securityholder Approval

At the Meeting, ValOro Securityholders will be asked to consider the Arrangement Resolution and to approve the Arrangement with Defiance.

To be effective, the special resolution approving the Arrangement must be passed by a special majority of ValOro Securityholders, being not less than two-thirds of the votes cast at the Meeting in person or by proxy by ValOro Securityholders voting together as a single class.

The full text of the Arrangement Resolution is set out in Schedule A to this Circular.

Voting Agreements

The following is a description of certain material provisions of the Voting Agreements.

Each of the Locked-up Securityholders has entered into a Voting Agreement with Defiance, pursuant to which they have agreed, among other things, to vote their ValOro Securities, to the extent so entitled: (i) in favour of the Arrangement; and (ii) against any resolution that could adversely affect or reduce the likelihood of the successful completion of the Arrangement or delay or interfere with the completion of the Arrangement. Locked-up Securityholders are also generally obligated not to do anything to frustrate, hinder or delay the consummation of the Arrangement.

Subject to certain exceptions, the Voting Agreements also provide that the Locked-up Securityholders shall not, directly or indirectly, solicit, initiate, encourage or otherwise facilitate any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal. In addition, Locked-up Securityholders have also represented and warranted that, among other things, they: (i) are the owner of the ValOro Securities set forth in the Voting Agreements and do not own any other ValOro Securities; (ii) have the sole right to vote such ValOro Securities; and (iii) have full power and authority to enter into and carry out the terms of the Voting Agreements. Under the terms of the Voting Agreements, Defiance acknowledges that each Locked-up Securityholder is bound under the Voting Agreement only in such Person's capacity as a ValOro Securityholder and not in his or her capacity as a director or officer of ValOro.

Each Voting Agreement, and the obligations of the Locked-up Securityholder thereunder, terminates upon the first to occur of: (i) the Effective Date; (ii) the termination of the Arrangement Agreement in accordance with its terms; and (iii) the Outside Date.

As of the Record Date, there are 2,163,549 ValOro Shares, 191,000 ValOro Warrants and ValOro Options to purchase 1,430,000 ValOro Shares subject to Voting Agreements, representing approximately 14.8% of the outstanding ValOro Securities.

Court Approval of the Arrangement

The BCBCA requires Court approval of the Arrangement. On November 22, 2018, prior to mailing the material in respect of the Meeting, ValOro obtained the Interim Order. It provides for the calling and holding of the Meeting and other procedural matters.

As set out in the Notice of Hearing of Petition, the Court hearing in respect of the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or about December 21, 2018, or as soon after that time as application may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, subject to the Arrangement Resolution being passed at the Meeting. ValOro Securityholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the procedural requirements.

Under the terms of the Interim Order, each ValOro Securityholder will have the right to appear and make representations at the hearing for the Final Order. The Court may approve the Arrangement as proposed or as amended in any manner as the Court may direct. The Court's approval is required for the Arrangement to become effective. The Court will be informed prior to the hearing for the Final Order that its determination that the Arrangement is fair to ValOro Securityholders, both substantively and procedurally, will constitute the basis to claim the Section 3(a)(10) Exemption with respect to the issuance of the Defiance Shares to be issued to and exchanged with U.S. Securityholders pursuant to the Arrangement, as described below under "*Securities Laws Considerations – United States Securities Laws*".

Any ValOro Securityholder desiring to appear at the Court hearing for the Final Order to approve the Arrangement pursuant to the Petition is required under the Interim Order to serve a Notice of Appearance upon counsel for ValOro at the address set out below, at or before 4:00 p.m. (Vancouver Time) on December 19, 2018:

ValOro Resources Inc.
c/o Northwest Law Group
Suite 704 – 595 Howe Street
Vancouver, British Columbia V6C 2T5
Attention: Maryna O'Neill

See "*Schedule F – Notice of Hearing for Final Order*" attached to this Circular.

Details of the Arrangement

If the Arrangement Resolution is approved at the Meeting, the Final Order approving the Arrangement is issued by the Court and the applicable conditions to completion of the Arrangement are satisfied, the following steps will be taken at the Effective Time pursuant to the Plan of Arrangement to complete the Arrangement:

1. each ValOro Share held by a Dissenting Shareholder shall be deemed to be transferred to ValOro, free and clear of all liens, claims and encumbrances, by the Dissenting Shareholder without any further action on its part, each such ValOro Share shall be cancelled, the name of such ValOro Shareholder shall be removed from ValOro's shareholder register as a holder of ValOro Shares and ValOro shall pay the fair value for each such ValOro Share;

2. each ValOro Share outstanding immediately prior to the Effective Time (other than those held by Dissenting Shareholders) shall be transferred by the ValOro Shareholder to Defiance in exchange for that number of Defiance Shares equal to the number of ValOro Shares multiplied by the Exchange Ratio (and rounded down to the nearest whole Defiance Share if a fractional share of less than 0.5 would be issued or up to the nearest whole Defiance Share if a fractional share of 0.5 or more would be issued) and ValOro will become a wholly-owned Subsidiary of Defiance; and

3. the ValOro Warrants and ValOro Options will remain outstanding for the balance of their original exercise periods and if ValOro becomes obligated to issue ValOro Shares pursuant to the exercise of any ValOro Warrant or ValOro Option after the Effective Time, such obligation will be satisfied by the delivery of that number of Defiance Shares equal to the number of ValOro Shares which would have been issued immediately before the Effective Time multiplied by the Exchange Ratio, and the exercise price therefor shall be the exercise price of such ValOro Warrant or ValOro Option immediately before the Effective Time divided by the Exchange Ratio (subject to any further adjustment in the securities issuable and exercise price payable as a result of any corporate action by Defiance as a successor to ValOro) and the Person entitled to receive the ValOro Shares will be bound by the terms of the Plan of Arrangement and will receive and accept Defiance Shares in lieu of ValOro Shares.

Recommendation of the ValOro Board

After careful consideration, the independent members of the ValOro Board determined that the Share Consideration based on the Exchange Ratio and the Arrangement are fair to ValOro Securityholders and that the Arrangement is in the best interests of ValOro. **Accordingly, the independent members of the ValOro Board recommends that the ValOro Securityholders vote FOR the Arrangement Resolution.** One director, Dunham Craig, abstained from voting on the Arrangement since he will receive, on the Effective Date, payment of $189,063 under his Retirement Allowance Agreement dated July 10, 2018 with ValOro. Such payment will be satisfied by the issuance of 674,502 Defiance Shares.

Reasons for Arrangement

In the course of its evaluation of the Arrangement, the ValOro Board:

- consulted with ValOro's senior management, legal counsel and auditors;
- reviewed information derived from ValOro's due diligence review of Defiance; and
- considered the Arrangement with reference to the general industry, economic, and market conditions as well as the financial condition of ValOro, its prospects, strategic alternatives, competitive position, and the risks related to ValOro's ongoing financial requirements to maintain its current level of activity and advance its mineral projects.

Specifically, the ValOro Board considered the following factors and benefits to ValOro, among others, that are expected to arise out of the Arrangement:

- *ValOro and Defiance's Projects are Complementary*. ValOro's Tepal Copper-Gold Project and Defiance's San Acacio Silver Project are both located in Mexico and together will comprise a robust resource base with significant exploration potential.
- *Proven management team:* The management and board of directors of the combined company will have extensive experience in all critical mining and exploration disciplines with demonstrated capabilities in financing, acquiring, developing and operating mines and a proven track record of exploration successes.
- *Attractive Exchange Ratio*. The Arrangement values each ValOro Share at C$ 0.20, representing a 54.3% premium to the closing price of the ValOro Shares based on the closing price of the Defiance Shares on the TSXV on the date the LOI was signed and a 98.2% premium to the 60 day VWAP of ValOro's shares based on the 60 day VWAP of Defiance's shares on the TSXV preceding the date the LOI was signed. The independent members of the ValOro Board consider the Exchange Ratio fair to ValOro Shareholders.
- *ValOro Shareholders will benefit from Participation in a Stronger Company with Greater Share Capitalization*. The combined company will have greater market capitalization and is expected to develop a more liquid market for its shares than ValOro.
- *Continued Participation by ValOro Shareholders*. ValOro Shareholders will continue to participate in any value increases associated with ValOro's business, through their ownership of Defiance Shares. Following the completion of the Arrangement with Defiance (and based upon Defiance's Shares issued and outstanding as of the Record Date), ValOro Shareholders will hold approximately 13% of the then outstanding Defiance Shares, on a non-diluted basis.

- *Increased Financial Resources to Advance ValOro's Tepal Project*. ValOro will need to access equity, debt or royalty financing to provide funding for its Mexican Tepal Project. ValOro has been unable to arrange the necessary funding to develop the Project or for general operating expenses. Defiance has historically been able to raise equity financing.

- *ValOro's Projects will benefit from Defiance's Business Relationships*. Defiance's management has established business relationships within the mining industry and financial community which are anticipated to increase the availability of new financing and improve access to technical expertise. Additionally, Defiance's management has developed good business relations in Mexico, and will be able to use its existing resources in Mexico to assist with the development of ValOro's Tepal Project.

- *Arrangement Agreement Terms*. Under the Arrangement Agreement, the ValOro Board remains able to respond, in accordance with its fiduciary duties, to unsolicited proposals that are more favourable to ValOro Securityholders than the Arrangement, but subject to the terms of the Arrangement Agreement.

- *Required Approvals*. The following rights and approvals protect ValOro Securityholders: (i) the Arrangement Resolution must be approved by not less than two-thirds of the votes cast at the Meeting by ValOro Securityholders voting together as a single class; (ii) the Arrangement must be approved by the Court, which will consider, among other things, the fairness of the Arrangement to ValOro Securityholders; and (iii) Registered Shareholders have the right to dissent from the Arrangement, and be paid the fair value of their ValOro Shares.

Risk Factors

The Arrangement poses a variety of risks and potentially negative factors in connection with the Arrangement, including, but not limited to:

- The value of the Defiance Shares issued on closing of the Arrangement may have a market value different from that at the time of announcement of the Arrangement, and since ValOro Shareholders will receive Defiance Shares based on a fixed exchange ratio, the value of the consideration received for their ValOro Shares under the Arrangement may be decreased.

- The completion of the Arrangement is subject to several conditions that must be satisfied or waived. There can be no certainty that these conditions will be satisfied or waived.

- The Arrangement Agreement may be terminated by ValOro or Defiance in certain circumstances, in which case the market price for ValOro Shares may be adversely affected, and in some cases ValOro may have to pay the Termination Fee.

- The risks to ValOro if the Arrangement is not completed, including the opportunity cost to ValOro in pursuing the Arrangement to the exclusion of other possible strategies.

- As Defiance is not restricted in its business activities before completion of the Arrangement, it could enter into other transactions that could result in additional risks to ValOro Shareholders, and may issue additional securities before completion of the Arrangement, resulting in greater dilution to ValOro Shareholders before completion of the Arrangement.

An acquisition of Defiance Shares under the Arrangement is subject to certain risks described under the heading "*Risk Factors*" in Defiance's Management's Discussion and Analysis for the year ended June 30, 2018, which is incorporated by reference into this Circular. See Schedule C for information on documents incorporated by

reference into this Circular. ValOro Securityholders should carefully consider these risk factors before making a decision regarding the Arrangement Resolution.

Effective Date of the Arrangement

If the Arrangement Resolution is passed, the Final Order is obtained, and every other requirement of the BCBCA relating to the Arrangement is complied with and all other conditions disclosed under "*The Arrangement Agreement — Conditions Precedent"* are satisfied or waived, the Arrangement will become effective on the Effective Date. Defiance and ValOro currently expect that the Effective Date will be on December 31, 2018.

Letter of Transmittal

A letter of transmittal will be sent by the Exchange Agent on or promptly after the Effective Date for use by Registered Shareholders for the purpose of the surrender of ValOro Share certificates. The details for the surrender of ValOro Share certificates to the Exchange Agent and the address of the Exchange Agent will be set out in the letter of transmittal. Provided that a Registered Shareholder has delivered and surrendered to the Exchange Agent all ValOro Share certificates held by the Registered Shareholder, together with a letter of transmittal properly completed and executed in accordance with the instructions of the letter of transmittal, and any additional documents as the Exchange Agent may reasonably require, the Registered Shareholder will be entitled to receive, and Defiance will cause the Exchange Agent to deliver in accordance with the Plan of Arrangement, certificates representing that number of Defiance Shares issuable or deliverable pursuant to the Arrangement in respect of the exchange of ValOro Shares.

Lost Certificates

A Registered Shareholder who has lost or misplaced its ValOro Share certificates should complete the letter of transmittal as fully as possible and forward it, together with a letter explaining the loss or misplacement to the Exchange Agent. The Exchange Agent will assist in making arrangements for the necessary affidavit (which will include a bonding requirement) for payment of the consideration in accordance with the Arrangement.

Cancellation of Rights after Six Years

Any ValOro Share certificate which immediately before the Effective Date represented ValOro Shares and which has not been surrendered, with all other documents required by the Exchange Agent, on or before the sixth anniversary of the Effective Date, will cease to represent any claim against or interest of any kind or nature in ValOro, Defiance or the Exchange Agent. Accordingly, **Persons who tender ValOro Share certificates after the sixth anniversary of the Effective Date will not receive Defiance Shares, will not own any interest in Defiance, and will not be paid any cash or other compensation.**

Delivery Requirements

The method of delivery of ValOro Share certificates, the letter of transmittal and all other required documents is at the option and risk of the ValOro Shareholder surrendering them. ValOro recommends that such documents be delivered by hand to the Exchange Agent, at the office noted in the letter of transmittal, and a receipt obtained therefor or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. ValOro Shareholders holding ValOro Shares registered in the name of an Intermediary must contact that intermediary to arrange for the surrender of their share certificates.

Interests of Directors and Officers of ValOro in the Arrangement

ValOro Securityholders should be aware that the CEO and CFO of ValOro (the CEO is also a director of ValOro), will receive benefits in addition to, the interests of ValOro Securityholders generally. In particular, both will

receive severance payments which will be satisfied by the issuance of Defiance Shares at $0.2803 per share, being the same deemed price as the Defiance Shares to be issued under the Arrangement. The CEO will be issued 674,502 Defiance Shares and the CFO will be issued 628,611 Defiance Shares. The withholding taxes and other governmental remittances in respect of the CFO's severance will be paid to the appropriate governmental departments in cash. There are no such payments in respect of the severance payments to ValOro's CEO. In addition, the CFO will be retained by Defiance after giving effect to the Arrangement on terms that differ from her current employment terms with ValOro.

All benefits received, or to be received, by them as a result of the Arrangement are, and will be, solely in connection with their services as former employees of ValOro and, for the CFO, as a new employee of Defiance after giving effect to the Arrangement. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for ValOro Shares, nor is it, or will it be, conditional on the person supporting the Arrangement.

ValOro Securityholdings

The following table sets out the names and positions of the directors and officers of ValOro, the number and percentage of ValOro Securities owned or over which control or direction was exercised by each such person and, where known after reasonable enquiry, by their respective associates or Affiliates, and the number and percentage of Defiance Shares to be held or issuable to such insiders after the Arrangement:

Name and Position in ValOro	Number and Percentage[(1)] of ValOro Shares	Number and Percentage[(2)] of ValOro Options	Number and Percentage[(3)] of ValOro Warrants	Total Number and Percentage[(4)] of ValOro Securities	Number and Percentage of Defiance Shares to be held after the Arrangement[(5)]
ABBOTT, Evelyn E. CFO	8,000 (0.04%)	250,000 (12.95%)	0	258,000 (1.01%)	634,291[(6)] (0.53%)
BRACK, George L. Director	787,428 (3.63%)	235,000 (12.17%)	85,000 (4.44%)	1,107,428 (4.33%)	559,074 (0.47%)
CRAIG, Dunham L. CEO and Director	383,629 (1.77%)	335,000 (17.35%)	0	718,629 (2.81%)	946,879[(7)] (0.79%)
KEARVELL, Gillian K.M. VP, Exploration	91,500 (0.42%)	150,000 (7.77%)	25,000 (1.31%)	266,500 (1.04%)	64,965 (0.05%)
SMALLWOOD, Randy V. J. Director	687,678 (3.17%)	220,000 (11.39%)	81,000 (4.24%)	988,678 (3.87%)	488,251 (0.41%)
THODY, Graham C. Chairman and Director	205,314 (0.95%)	240,000 (12.43%)	0	445,314 (1.74%)	145,773 (0.12%)
Totals:	2,163,549 (9.96%)	1,430,000 (74.05%)	191,000 (9.99%)	3,784,549 (14.80%)	2,839,233 (2.36%)

(1) Based on 21,720,448 ValOro Shares issued and outstanding.

(2) Based on ValOro Options to purchase 1,931,000 ValOro Shares outstanding.

(3) Based on 1,912,263 ValOro Warrants to purchase an equal number of ValOro Shares outstanding.

(4) Based on 25,563,751 ValOro Securities outstanding.

(5) Based on 103,351,821 Defiance Shares issued and outstanding, and 16,724,631 additional Defiance Shares issuable upon closing of the Arrangement. None of ValOro's directors and officers currently hold any Defiance Shares.

(6) Includes 674,502 Defiance Shares issued in satisfaction of the amount payable to ValOro's CEO, Dunham L. Craig, under his Retirement Allowance Agreement.

(7) Includes 628,611 Defiance Shares issued in satisfaction of the severance payment due to ValOro's CFO, Evelyn Abbott, other than applicable withholding taxes and governmental remittances which were paid in cash.

All ValOro Securities held by the directors and officers of ValOro will be treated identically and in the same manner under the Arrangement as the ValOro Securities held by any other ValOro Securityholders.

Dissent Rights

ValOro Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The Dissent Rights are those rights pertaining to the right to dissent from the Arrangement Resolution that are contained in Sections 238 to 247 of the BCBCA, as may be modified by the Interim Order, the Final Order and the Plan of Arrangement. A ValOro Shareholder is not entitled to exercise Dissent Rights if the holder votes any ValOro Shares in favour of the Arrangement Resolution.

Registered Shareholders that exercise Dissent Rights are entitled to be paid the fair value of their ValOro Shares if the Arrangement becomes effective.

Beneficial Shareholders who wish to exercise Dissent Rights must do so through their Intermediary.

The Plan of Arrangement provides that the ValOro Shares (the "**Dissenting Shares**") held by ValOro Shareholders who validly exercise Dissent Rights and who are ultimately entitled to be paid the fair value for those ValOro Shares will be deemed to be transferred to ValOro as of the Effective Time, and that ValOro will pay the fair value of the Dissenting Shares immediately before the passing of the Arrangement Resolution.

On the Effective Date, ValOro will pay the amount to be paid in respect of Dissenting Shares to each Dissenting Shareholder entitled to such payment under the Arrangement. Any Dissenting Shareholder not entitled to be paid the fair value of their Dissenting Shares in accordance with the Plan of Arrangement will be deemed to have participated in the Arrangement on the same basis as non-Dissenting Shareholders, and will receive Defiance Shares on the same basis as every other non-Dissenting Shareholder. In no case, however, will ValOro be required to recognize such Persons as holding ValOro Shares at or after the Effective Date.

Summary of the Dissent Procedures

This summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder seeking payment of the fair value of the ValOro Shares held and is qualified in its entirety by reference to Sections 238 to 247 of the BCBCA, as may be modified by the Interim Order, the Final Order and the Plan of Arrangement. Sections 238 to 247 of the BCBCA are reproduced in Schedule D to this Circular. The Dissent Procedures must be strictly adhered to and any failure by a Dissenting Shareholder to do so may result in the loss of their Dissent Rights. Accordingly, each ValOro Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the Dissent Procedures and consult legal advisers.

Written notice of dissent from the Arrangement Resolution must be sent to ValOro by a Dissenting Shareholder and received no later than 5:00 p.m. (Vancouver Time) on December 14, 2018 or at least two days before any date to which the Meeting may be postponed or adjourned. The notice of dissent should be delivered by registered mail to ValOro at the address for notice described below. After the Arrangement Resolution is approved by ValOro Shareholders and within one month after ValOro notifies the Dissenting Shareholder of ValOro's intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, the Dissenting Shareholder must send to ValOro a written notice that such holder requires the purchase of all of the

Dissenting Shares in respect of which such Dissenting Shareholder has given notice of dissent, together with the share certificate or certificates representing those Dissenting Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the Dissenting Shareholder on behalf of a Beneficial Shareholder). A Dissenting Shareholder who does not strictly comply with the Dissent Procedures or, for any other reason, is not entitled to be paid fair value for his, her or its Dissenting Shares will be deemed to have participated in the Arrangement on the same basis as non-dissenting Shareholders.

Any Dissenting Shareholder who has duly complied with Section 244(1) of the BCBCA, or ValOro, may apply to the Court, and the Court may determine the fair value of the Dissenting Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on ValOro to apply to the Court. The Dissenting Shareholder will be entitled to receive the fair value that the Dissenting Shares had immediately before the passing of the Arrangement Resolution.

All notices of dissent to the Arrangement pursuant to Section 242 of the BCBCA should be sent to:

ValOro Resources Inc.
c/o Northwest Law Group
Suite 704 – 595 Howe Street
Vancouver, British Columbia V6C 2T5
Attention: Michael Provenzano

THE ARRANGEMENT AGREEMENT

The following description of certain material provisions of the Arrangement Agreement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement. ValOro Securityholders are encouraged to read the Arrangement Agreement in its entirety. See the Plan of Arrangement attached as Schedule B to this Circular.

The Arrangement Agreement provides that, among other things, Defiance will acquire all of the outstanding ValOro Shares, by way of a plan of arrangement under Division 5 of Part 9 of the BCBCA. Accordingly, on the Effective Date each ValOro Shareholder will receive, on the terms and subject to the conditions contained in the Plan of Arrangement, that number of Defiance Shares equal to the number of ValOro Shares held multiplied by the Exchange Ratio for each ValOro Share then held, without any further action on the part of ValOro Shareholder.

To implement the Plan of Arrangement, ValOro has agreed to:

(a) obtain the Interim Order from the Court;

(b) call and hold the Meeting;

(c) prepare this Circular in consultation with Defiance;

(d) subject to obtaining approval from the ValOro Securityholders, obtain the Final Order from the Court which approves the “fairness” of the Arrangement; and

(e) provide Defiance with the opportunity to review and comment on all ValOro documents prepared in connection with the Arrangement.

Representations and Warranties

Defiance and ValOro have made certain representations and warranties in the Arrangement Agreement, which survive the execution and delivery of the Arrangement Agreement and will terminate on the Effective Date. Such representations are customary for this type of transaction and are reciprocal in all material respects.

The representations and warranties of Defiance and ValOro relate to, among other things, organization, corporate and governmental authorizations in respect of the Arrangement, the absence of any contravention or conflict with organizational documents or applicable law, the absence of any notices, consents, defaults or encumbrances in connection with the Arrangement, obligations that will come due or be accelerated by virtue of the Arrangement, capitalization, reporting and listing status and other securities law matters, preparation and presentation of financial statements, interests in assets, the absence of certain changes or events, disclosure of liabilities, compliance with applicable laws, absence of material litigation, tax matters, material contracts and broker and other fees.

Non-Solicitation Covenants of ValOro

Under the Arrangement Agreement, ValOro has agreed to certain non-solicitation covenants which provide, among other things, that ValOro will not, directly or indirectly, through any officer, director, representative or agent of ValOro or its Subsidiaries and will not permit any such Person to:

(a) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) or take any action to solicit, encourage or facilitate any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than Defiance) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; or

(c) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal, or take no position or remain neutral with respect to, any Acquisition Proposal.

Notice of Acquisition Proposal

Notwithstanding the foregoing, if the ValOro Board receives a *bona fide* Acquisition Proposal that was not solicited and if, in the opinion of the ValOro Board, acting in good faith and after receiving advice from its outside financial advisor and legal counsel, the Acquisition Proposal is a Superior Proposal and that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties, then the ValOro Board must notify Defiance of the terms of such Superior Proposal.

Superior Proposal and Right to Match

If ValOro receives a Superior Proposal, ValOro shall give Defiance, orally and in writing, at least 72 hours advance notice of any decision by the ValOro Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal. Such notice shall include a summary of the details of the Superior Proposal including the identity of the Person making the Superior Proposal.

During such 72 hour period, ValOro shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the

Arrangement. In addition, during such 72 hour period, ValOro shall and shall cause its financial and legal advisors to, negotiate in good faith with Defiance and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable ValOro to proceed with the Arrangement as amended rather than the Superior Proposal.

If Defiance proposes to amend the Arrangement Agreement and the Arrangement to provide that the ValOro Shareholders shall receive a value per ValOro Share equal to or better than as provided in the Superior Proposal and so advises ValOro prior to the expiry of such 72 hour period, the ValOro Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the Party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement.

Conditions Precedent

In order for the Arrangement to become effective, certain conditions, summarized below, must have been satisfied or waived.

Mutual Conditions Precedent

The Arrangement Agreement contains certain mutual conditions to the completion of the Arrangement in favour of each of Defiance and ValOro including that at or before the Effective Date:

(a) the Interim Order will have been granted by the Court;

(b) ValOro Securityholders will have approved the Arrangement at the Meeting;

(c) the Defiance Financing, if completed, shall have been completed for such minimum gross proceeds as t ValOro and Defiance may agree;

(d) the Final Order will have been granted by the Court; and

(e) the absence of any laws that would make the consummation of the Arrangement illegal or prohibit ValOro or Defiance from consummating the Arrangement.

Additional Conditions Precedent to the Obligations of Defiance

The Arrangement Agreement also contains certain conditions to the completion of the Arrangement for the sole benefit of Defiance including that at or before the Effective Date:

(a) all representations and warranties of ValOro in the Arrangement Agreement will be true and correct, in all material respects, as of the Effective Date;

(b) ValOro will have complied in all material respects with its covenants under the Arrangement Agreement;

(c) the absence of any action or proceeding to prohibit the Arrangement, Defiance's ability to acquire or own the ValOro Shares or to prevent or materially delay the consummation of the Arrangement;

(d) there will not have occurred a Material Adverse Effect to ValOro;

(e) Defiance will be satisfied that the results of its due diligence investigation into the business, affairs, properties, liabilities and prospects of ValOro and its Subsidiary do not reveal a Material Adverse Effect to ValOro (provided that such due diligence investigations are completed by the mailing date of this Circular); and

(f) the absence of a breach in or termination of any of the Voting Agreements; and

(g) no loss of the current employees of ValOro or its Subsidiaries.

Additional Conditions Precedent to the Obligations of ValOro

The Arrangement Agreement also contains certain conditions to the completion of the Arrangement for the sole benefit of ValOro including that at or before the Effective Date:

(a) all representations and warranties of Defiance in the Arrangement Agreement will be true and correct, in all material respects, as of the Effective Date;

(b) Defiance will have complied in all material respects with its covenants under the Arrangement Agreement;

(c) the absence of any action or proceeding to prohibit the Arrangement, Defiance's ownership or operation of its business or assets or to prevent or materially delay the consummation of the Arrangement;

(d) there will not have occurred a Material Adverse Effect to Defiance; and

(e) ValOro will be satisfied that the results of its due diligence investigation into the business, affairs, properties, liabilities and prospects of Defiance and its Subsidiaries do not reveal a Material Adverse Effect to Defiance (provided that such due diligence investigations are completed by the mailing date of this Circular).

Termination

The Arrangement Agreement may be terminated prior to the Effective Time:

(a) by the mutual written agreement of Defiance and ValOro;

(b) by either ValOro or Defiance if the Meeting is held and the ValOro Securityholders did not approve the Arrangement Resolution by the requisite majority;

(c) by either ValOro or Defiance if after the date of the Arrangement Agreement, any law is enacted, made, enforced or amended, that makes completion of the Arrangement illegal or otherwise prohibited;

(d) by either ValOro or Defiance if the Effective Time does not occur on or prior to the Outside Date;

(e) by ValOro if Defiance had breached any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breach or failure is incapable of being cured;

(f) by ValOro if prior to the approval by the ValOro Securityholders of the Arrangement Resolution, the ValOro Board authorizes ValOro to enter into a written agreement with respect to a

Superior Proposal, provided that ValOro is then in compliance with the non-solicitation provisions of the Arrangement Agreement, and pays the Termination Fee to Defiance;

(g) by ValOro if there has occurred a Material Adverse Effect to Defiance;

(h) by Defiance if ValOro had breached any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breach or failure is incapable of being cured;

(i) by Defiance if the ValOro Board or any committee of the ValOro Boards fails to recommend, or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification), the recommendation of the ValOro Board that ValOro Securityholders vote in favour of the Arrangement; or

(j) by Defiance if there has occurred a Material Adverse Effect to ValOro.

Termination Payments

ValOro will pay the Termination Fee to Defiance if:

(a) ValOro accepts, recommends, approves or enters into an agreement with respect to an Acquisition Proposal (other than the Arrangement Agreement) prior to completion of the Arrangement; or

(b) another *bona fide* Acquisition Proposal is publicly announced or made to all or substantially all holders of ValOro Shares or to ValOro and such Acquisition Proposal is completed within six months of the date such Acquisition Proposal is publicly announced or made.

If at any time prior to termination of the Arrangement Agreement, ValOro shall have taken any action or have failed to take any action that causes a Material Adverse Effect in respect of ValOro or materially impedes completion of the Arrangement Agreement or results in ValOro being in breach of any of its covenants, agreements, representations or warranties made in the Arrangement Agreement (without giving effect to any materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Effect in respect of ValOro or materially impede the completion of the Arrangement, and ValOro fails to cure such breach within 10 Business Days after receipt of written notice thereof from Defiance (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date), then ValOro shall pay the Termination Fee to or to an account designated by Defiance within 10 Business Days after failing to cure such breach.

Except as otherwise provided in the Arrangement Agreement, all fees, costs and expenses incurred in connection with the Arrangement Agreement and the transactions contemplated thereby will be the responsibility of the party incurring such fees.

Notice and Cure Provisions

Each of ValOro and Defiance is required to give prompt notice to the other of any event or state of facts occurring, or failing to occur, up to the Effective Time that would likely:

(a) cause any of its representations or warranties in the Arrangement Agreement to be untrue or inaccurate in any material respect so as to result in a Material Adverse Effect; or

(b) result in its failure to comply with or satisfy any covenant or agreement to be complied with or satisfied under the Arrangement Agreement by it.

Following receipt of such notice, the defaulting party shall have 10 Business Days to cure its default, failing which the non-defaulting party shall be entitled to terminate the Arrangement Agreement.

Amendment

The Arrangement Agreement may, at any time not later than the Effective Date, be amended by mutual written agreement of the parties and any such amendment may, without limitation:

(a) change the time for the performance of any of the obligations or acts of any party;

(b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto;

(c) modify any of the covenants contained in the Arrangement Agreement and waive or modify the performance of any of the obligations of any of the parties; and

(d) modify any mutual conditions contained in the Arrangement Agreement;

provided that such amendment does not: (i) invalidate any required approval of the Arrangement by the ValOro Securityholders; or (ii) after the holding of the Meeting, result in an adverse change in the quantum or form of consideration payable to ValOro Securityholders pursuant to the Arrangement.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to ValOro Shareholders who exchange ValOro Shares for Defiance Shares under the Arrangement (or who exercise Dissent Rights) and who, for purposes of the Tax Act and at all relevant times: (i) hold their ValOro Shares, and will hold their Defiance Shares (as applicable), as capital property, (ii) deal at arm's length with ValOro and Defiance, and (iii) are not Affiliated with ValOro or Defiance. A ValOro Shareholder meeting all of the foregoing requirements is referred to as a "Holder" in this summary, and this summary only addresses such Holders. Tax considerations relevant to the treatment of ValOro Options and Warrants and any other convertible security of ValOro under the Arrangement are not addressed in this summary, and affected holders should consult their own tax advisors in this regard.

This summary does not apply to a Holder: (i) that is a "financial institution" for the purposes of the mark-to-market rules in the Tax Act; (ii) an interest in which is a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) that, at any relevant time, makes a foreign currency reporting election or enters into a derivative forward agreement for the purposes of the Tax Act; (v) that is a "foreign affiliate" of a taxpayer resident in Canada, for purposes of the Tax Act, at the end of the Holder's taxation year in which the Arrangement occurs; (vi) that is a corporation resident in Canada that is or becomes controlled by a non-resident for the purposes of the "foreign affiliate dumping" rules in the Tax Act; (vii) that acquires or acquired ValOro Shares on exercise of stock options, or (viii) that is otherwise a Holder of special status or in special circumstances. In addition, this summary does not apply to a Holder who, immediately following the Arrangement, will, either alone or together with Persons with whom such Holder does not deal at arm's length for purposes of the Tax Act, either controls Defiance for purposes of the Tax Act or beneficially owns shares of Defiance that have a fair market value in excess of 50% of the fair market value of all outstanding shares of the capital stock of Defiance. A Holder to whom any of the factors referenced in this

paragraph applies should consult their own tax advisor with respect to the tax consequences of the Arrangement.

This summary is based on the facts set out in this Circular, the current provisions of the Tax Act and the published administrative policies and assessing practices of the CRA publicly available prior to the date of this Circular. This summary takes into account all proposed amendments to the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Proposed Amendments**") and assumes that such Proposed Amendments will be enacted in the manner proposed. However, no assurance can be given that such Proposed Amendments will be enacted in the form proposed, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement. Except for the Proposed Amendments, this summary does not take into account or anticipate any other changes in law or any changes in the CRA's administrative policies and assessing practices, whether by judicial, regulatory or legislative action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular Holder. All Holders should consult their own tax advisors as to the tax consequences to them of the Arrangement.

The discussion that follows is qualified accordingly.

RESIDENTS OF CANADA

The following section of the summary is applicable to a Holder (as defined above) who, for the purposes of the Tax Act and any applicable income tax treaty, and at all relevant times, is or is deemed to be a resident of Canada. A Holder who meets all of the foregoing requirements is referred to as a "Resident Shareholder" in this portion of the summary, and this portion of the summary only addresses such Resident Shareholders.

Participation in the Arrangement

A Resident Shareholder who exchanges ValOro Shares for Defiance Shares pursuant to the Arrangement will, unless the Resident Shareholder chooses to recognize the full capital gain or capital loss on the exchange as described in the following paragraph, be deemed to have disposed of such ValOro Shares for proceeds of disposition equal to the Resident Shareholder's adjusted cost base thereof. Such Resident Shareholder will therefore recognize neither a capital gain nor a capital loss in respect of the exchange and will be deemed to acquire their Defiance Shares at a cost equal to the adjusted cost base of their ValOro Shares. This cost will be averaged with the adjusted cost base of all other Defiance Shares held by such Resident Shareholder as capital property for the purpose of determining the adjusted cost base of each Defiance Share held by such Resident Shareholder.

Notwithstanding the foregoing, a Resident Shareholder who receives Defiance Shares in exchange for ValOro Shares may, if the Resident Shareholder so chooses, recognize a capital gain (or a capital loss) in respect of such exchange by reporting the same in their income tax return for the taxation year during which the exchange occurs. It is not possible for a Resident Shareholder to elect to recognize only a portion of the gain otherwise realized on the exchange in this manner. Such capital gain (or capital loss) would be equal to the amount by which the fair market value of the Defiance Shares received exceeds (or is exceeded by) the aggregate of the adjusted cost base of the ValOro Shares exchanged and any reasonable costs of disposition. In such circumstances, the cost of the Defiance Shares acquired would be equal to the fair market value thereof. This

cost would be averaged with the adjusted cost base of all other Defiance Shares held by such Resident Shareholder as capital property for the purpose of determining the adjusted cost base of each Defiance Share held by such Resident Shareholder. Such capital gain (or capital loss) would be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Disposition of Defiance Shares

A disposition or a deemed disposition of a Defiance Share by a Resident Shareholder will generally result in the Resident Shareholder realizing a capital gain (or capital loss) in the year of the disposition equal to the amount by which the proceeds of disposition of the Defiance Share are greater (or less) than the aggregate of the Resident Shareholder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Dividends on Defiance Shares

Each Resident Shareholder will be required to include in income for a taxation year any dividend that the Resident Shareholder receives, or is deemed to receive, on a Defiance Share in the year. If the Resident Shareholder is an individual (including most trusts), the dividend will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Defiance as "eligible dividends" (as defined in the Tax Act). There may be limitations on Defiance's ability to so designate dividends as "eligible dividends", and Defiance has made no commitments in this regard.

A Resident Shareholder that is a corporation will generally be entitled to deduct the amount of the dividend from its taxable income, subject to all of the limitations of the Tax Act. A Resident Shareholder that is a "private corporation" (as defined in the Tax Act) or a corporation that is controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals (other than a trust or trusts) may be liable under Part IV of the Tax Act to pay a special tax (refundable in certain circumstances) of 38-1/3% of the dividend.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Resident Shareholder in a taxation year must be included in the Resident Shareholder's income for the year, and one-half of any capital loss (an "allowable capital loss") realized by a Resident Shareholder in a taxation year must be deducted from taxable capital gains realized by the Resident Shareholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may, generally, be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Shareholder that is a corporation on the disposition of shares may be reduced by the amount of dividends received or deemed to be received (if any) by the Resident Shareholder on such shares (or on shares for which the shares have been substituted), to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust.

A Resident Shareholder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay a special tax (refundable in certain circumstances) of 10-2/3% on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains.

Dissenting Resident Shareholders

A Resident Shareholder who exercises Dissent Rights in respect of the Arrangement and whose ValOro shares are acquired by Defiance will recognize a capital gain (capital loss) to the extent that the amount paid for such ValOro Shares exceeds (or is less than, respectively) the Resident Shareholder's adjusted cost base of such ValOro Shares. See "*Taxation of Capital Gains and Capital Losses*", above.

A dissenting Resident Shareholder will be required to include in computing income any interest awarded by a court in connection with the Arrangement.

NON RESIDENTS OF CANADA

The following section of the summary is applicable to a Holder (as defined above) who, for the purposes of the Tax Act and any applicable income tax treaty and at all relevant times, (i) is not, and is not deemed to be, a resident of Canada, (ii) does not, and is not deemed to, use or hold ValOro Shares or Defiance Shares in, or in the course of, carrying on a business in Canada, and (iii) is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada and elsewhere. A Holder meeting all of the foregoing requirements is referred to in this portion of the summary as a "Non-Resident Shareholder", and this portion of the summary only addresses such Non-Resident Shareholders.

Participation in the Arrangement

A Non-Resident Shareholder who exchanges ValOro Shares for Defiance Shares will generally (and subject to the discussion below) be subject to similar tax considerations described above under "*Residents of Canada – Participation in the Arrangement*".

A Non-Resident Shareholder who chooses to recognize all of a capital gain by reporting such gain on their Canadian income tax return for the year in which the exchange occurs will not be subject to Canadian tax unless the ValOro Shares constitute "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Shareholder, as also generally described below under "*Taxable Canadian Property*", and the gain is not exempt under the provisions of an applicable income tax treaty.

Non-Resident Shareholders who choose to recognize all of a capital gain and whose ValOro Shares constitute taxable Canadian property will generally be subject to tax considerations similar to those described above under "*Residents of Canada – Taxation of Capital Gains and Capital Losses*", subject to certain differences and subject to the terms of any relevant income tax treaty. Non-Resident Shareholders who hold ValOro Shares as taxable Canadian property should consult with their own tax advisors with respect to the Canadian federal tax consequences of disposing of ValOro Shares pursuant to the Arrangement.

Disposition of Defiance Shares

A Non-Resident Shareholder who disposes or is deemed to dispose of Defiance Shares that were acquired under the Arrangement will not be liable to tax under the Tax Act in respect of any capital gain realized on the disposition unless such shares constitute "taxable Canadian property" for purposes of the Tax Act (as also generally described under "*Taxable Canadian Property*" below) and the gain is not exempt under the provisions of an applicable income tax treaty. Non-Resident Shareholders who hold Defiance Shares as taxable Canadian property should consult with their own tax advisors in this regard.

Taxable Canadian Property

In general terms, shares will not be taxable Canadian property at a particular time to a Non-Resident Shareholder provided that the shares are listed on a designated stock exchange (which includes the TSXV) at that time, unless, at any time during the 60-month period immediately preceding the disposition of the shares by the Non-Resident Shareholder, (i) the Non-Resident Shareholder, Persons not dealing at arm's length with such Non-Resident Shareholder, partnerships in which the Non-Resident Shareholder (or a Person with whom the Non-Resident Shareholder did not deal at arm's length) holds an interest directly or indirectly, or the Non-Resident Shareholder together with all such Persons or partnerships, owned or was considered to own 25% or more of the issued shares of any class or series of the capital stock of the corporation, AND (ii) more than 50% of the fair market value of the shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property" or "timber resource property" (as defined in the Tax Act), or options in respect of, or interests in (or for civil law, rights in) any such properties (whether or not such property exists). In addition, shares may be deemed to be "taxable Canadian property" under the Tax Act in certain other circumstances.

Dividends on Defiance Shares

A Non-Resident Holder who receives or is deemed to receive a dividend on a Defiance Share generally will be subject to Canadian withholding tax equal to 25%, or such lower rate as may be available under an applicable tax treaty (if any), of the gross amount of the dividend. Defiance will be required to withhold such tax from the dividend and remit it to the CRA for the Non-Resident Holder's account.

Dissenting Non-Resident Shareholders

A Non-Resident Shareholder who exercises Dissent Rights in respect of the Arrangement and whose ValOro Shares are acquired by Defiance will realize a capital gain (or capital loss) to the extent that the amount paid for such ValOro Shares exceeds (or is less than, respectively) the Non-Resident Shareholder's adjusted cost base of such ValOro Shares. Such capital gain will be treated as described above under "*Disposition of Defiance Shares*".

Where a dissenting Non-Resident Shareholder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest will not be subject to Canadian withholding tax under the Tax Act.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act and the regulations thereunder, the Defiance Shares will be, at a particular time, "qualified investments" within the meaning of the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered education savings plans, registered retirement income funds ("**RRIFs**"), registered disability savings plans, deferred profit sharing plans and tax-free savings accounts ("**TFSAs**"), provided that the Defiance Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV) at the particular time.

Notwithstanding the foregoing, if a Defiance Share is a "prohibited investment" under the Tax Act for a RRSP, RRIF or TFSA, the annuitant under the RRSP or RRIF or the holder of the TFSA (as applicable) may be subject to a penalty tax under the Tax Act. A Defiance Share will generally not be a "prohibited investment" for these purposes unless (i) the annuitant under the RRSP or RRIF or the holder of the TFSA (as applicable) does not deal at arm's length with Defiance for purposes of the Tax Act, or (ii) the holder or annuitant (as applicable) has a "significant interest" (within the meaning of the Tax Act) in Defiance. In addition, the Defiance Shares will generally not be a "prohibited investment" if the Defiance Shares are "excluded property" within the meaning of

the Tax Act. **Holders of a TFSA and annuitants under an RRSP or RRIF should consult their own tax advisors as to whether Defiance Shares will be prohibited investments in their particular circumstances.**

SECURITIES LAWS CONSIDERATIONS

Canadian Securities Laws

This following is a brief summary of the Canadian Securities Laws considerations applicable to the Arrangement and transactions contemplated thereby. It is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular ValOro Securityholder. This summary does not include any information regarding securities law considerations for jurisdictions other than Canada. ValOro Securityholders are urged to obtain independent advice in respect of the consequences to them of the Arrangement having regard to their particular circumstances.

ValOro is a reporting issuer in each of the provinces of Canada except Quebec. ValOro Shares currently trade on the TSXV. After the Arrangement, Defiance intends to delist the ValOro Shares from the TSXV, and Defiance will apply to the applicable Canadian securities regulators to have ValOro cease to be a reporting issuer.

Defiance is a reporting issuer in each of British Columbia and Alberta. Defiance Shares are listed on the TSXV. It is a condition of the Arrangement that the Defiance Shares issued to ValOro Shareholders pursuant to the Arrangement and which are reserved for issue upon exercise of any ValOro Warrants and ValOro Options be conditionally listed on the TSXV.

The issue of Defiance Shares pursuant to the Arrangement and upon the exercise of the ValOro Warrants and ValOro Options will constitute distributions of securities exempt from the registration and prospectus requirements of the Canadian Securities Laws. Such Defiance Shares may be resold in each province of Canada, provided that:

(a) Defiance is a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

(b) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Authorities;

(c) no unusual effort is made to prepare the market or create a demand for those securities;

(d) no extraordinary commission or consideration is paid in respect of that trade; and

(e) if the selling security holder is an insider or officer of Defiance, the selling security holder has no reasonable grounds to believe that Defiance is in default of Canadian Securities Laws.

If the Arrangement becomes effective, each ValOro Shareholder who receives Defiance Shares is urged to consult the holder's professional advisors with respect to restrictions applicable to trades in Defiance Shares under Canadian Securities Laws.

United States Securities Laws

Securities Laws Information for United States ValOro Shareholders

This following is a brief summary of the United States Securities Laws considerations applicable to the Arrangement and transactions contemplated thereby. It is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular U.S. Securityholder. This

summary does not include any information regarding securities law considerations for jurisdictions other than United States. ValOro Securityholders are urged to obtain independent advice in respect of the consequences to them of the Arrangement having regard to their particular circumstances.

The Defiance Shares to be issued pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance on the Section 3(a)(10) Exemption. The Defiance Shares will generally not be subject to resale restrictions under U.S. federal securities laws for Persons who are not Affiliates of Defiance after giving effect to the Arrangement at the time of, or within 90 days prior to, the resale of such Defiance securities.

If the Arrangement becomes effective, each U.S. Securityholder who receives Defiance Shares is urged to consult the holder's professional advisors with respect to restrictions applicable to trades in Defiance Shares under United States Securities Laws.

INFORMATION PERTAINING TO DEFIANCE

See "*Schedule C – Information Pertaining to Defiance*"

INFORMATION PERTAINING TO DEFIANCE AFTER COMPLETION OF THE ARRANGEMENT

General

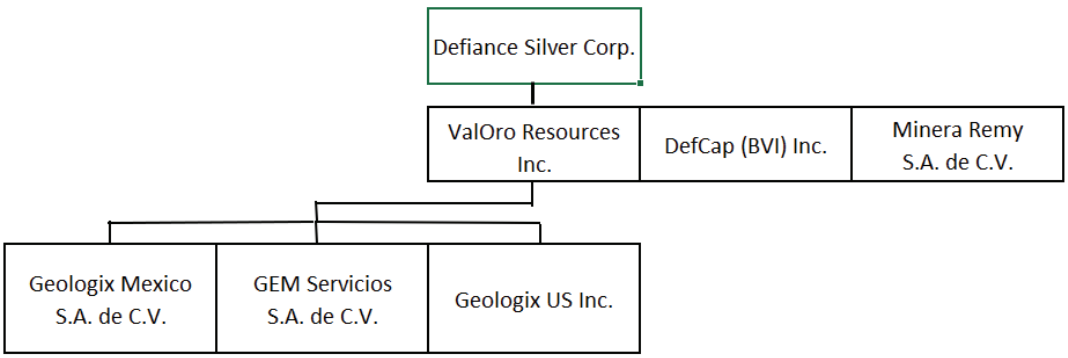
On completion of the Arrangement, Defiance will continue to be a corporation incorporated under and governed by the laws of the Province of British Columbia. On the Effective Date, Defiance will own all of the ValOro Shares, and the business and operations of ValOro will be managed and operated as a wholly-owned subsidiary of Defiance.

Defiance expects that the business operations of Defiance and ValOro will be consolidated and the principal head office of the combined company will be at Defiance's current head office located at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3.

A general description of Defiance and its business is included in Schedule C to this Circular.

Organization Chart

The organization chart of the corporate relationships of Defiance after giving effect to the Arrangement is as follows:



Directors and Executive Officers of Defiance after giving effect to the Arrangement

Defiance's directors and officers following completion of the Arrangement will be as follows:

Name, Province or State and Country of Residence and Present Position in Defiance	Present Principal Occupation	Director or Officer Since
ABBOTT, Evelyn E. Nevada, United States of America Proposed CFO	CFO and Corporate Secretary of ValOro CFO of UEX Corp. (publicly traded (TSX) uranium exploration company)	N/A
BRACK, George L. British Columbia, Canada Proposed Director	Chairman of the Board of Directors of Capstone Mining Corp. (publicly traded (TSX) copper mining company) and director of various public companies	N/A
HAWLEY, Peter J. Quebec, Canada President, CEO and Director	President and CEO of Defiance Chairman of the Board of Directors of Scorpio Gold Corporation (publicly traded (TSX-V) gold mining company)	July 14, 2016
KEARVELL, Gillian K. M. Jalisco, Mexico Proposed Vice- President, Exploration	Vice- President, Exploration of ValOro	N/A
RADER, Darrell A British Columbia, Canada Director	President and CEO of Minaurum Gold Inc. (publicly traded (TSX-V) gold and silver exploration company)	July 19, 2007
SMALLWOOD, Randy V. J. British Columbia, Canada Proposed Director	President and CEO of Wheaton Precious Metals Corp. (publicly traded (TSX & NYSE) silver mining company)	N/A
SMITH, Paul A. Bristol, United Kingdom Director	Self-employed consultant. Founding shareholder and Finance Director of Ocean Partners Holdings Limited (July 1996 to May 2012), a global trader of copper, zinc and lead concentrates	November 4, 2014

Capital Structure

The authorized capital of Defiance after giving effect to the Arrangement will continue to consist of an unlimited number of common shares and the rights and restrictions of the Defiance Shares will remain unchanged.

The outstanding number of Defiance Shares after giving effect to the Arrangement will be the same as the outstanding number of Defiance Shares prior thereto, plus the issuance of:

(a) 15,421,518 Defiance Shares in consideration for ValOro Shares;

(b) 674,502 Defiance Shares in satisfaction of the amount payable to ValOro's CEO, Dunham L. Craig under his Retirement Allowance Agreement;

(c) 628,611 Defiance Shares in satisfaction of the severance payment payable to ValOro's CFO, Evelyn Abbott, other than applicable withholding taxes and governmental remittances which will be paid in cash, under her Severance Agreement; and

(d) an unknown number of Defiance Shares pursuant to the Financing.

Defiance will reserve a further approximately 2,728,717 Defiance Shares should the ValOro Warrants and ValOro Options be exercised

A description of the share capital of Defiance and the rights attached to the Defiance Shares is included in Schedule C to this Circular.

Post-Arrangement Shareholdings

It is expected that, pursuant to the Arrangement, ValOro Shareholders will receive approximately 15,421,518 Defiance Shares in exchange for the outstanding ValOro Shares, and Defiance will reserve a further approximately 2,728,717 Defiance Shares should the ValOro Warrants and ValOro Options be exercised in the future. This assumes that none of the holders of ValOro Shares dissent in relation to the Arrangement and all of the outstanding ValOro Shares are exchanged for Defiance Shares pursuant to the Arrangement.

Following the successful completion of the Arrangement, based on the assumptions referred to above, current Defiance Shareholders would hold in the aggregate approximately 87% of the Defiance Shares and former holders of ValOro Shares would hold approximately 13% of the Defiance Shares.

The following table summarizes Defiance's consolidated capitalization as at the Record Date, after giving effect to the completion of the Arrangement. The table should be read in conjunction with the financial statements of Defiance, including the notes thereto, included elsewhere or incorporated by reference in this Circular.

Description	***Pro Forma* after giving effect to the Arrangement**
Pro forma number of Defiance Shares outstanding[(1)]	120,076,452
Number of Defiance Shares outstanding as at November 16, 2018	103,351,821
Adjustment to reflect acquisition of ValOro	16,724,631

(1) The *pro forma* number of Defiance Shares outstanding was prepared based on the number of outstanding ValOro Shares and Defiance Shares as at November 16, 2018, but excludes any Defiance Shares which may be issued upon the exercise of any ValOro Warrants or ValOro Options.

Risk Factors

The business and operations of Defiance after giving effect to the Arrangement will continue to be subject to the risks currently faced by ValOro and Defiance, as well as certain risks unique to Defiance after giving effect to the Arrangement, including those set out elsewhere in this Circular. See "*The Arrangement – Risk Factors*" and the risk factors set forth in Defiance's management's discussion and analysis for the year ended June 30, 2018.

Auditors, Transfer Agent and Registrar

Defiance will continue to use its same auditors and Register and Transfer Agent as it currently uses. See "*Schedule C – Information Pertaining to Defiance*".

ADDITIONAL INFORMATION

Additional information relating to ValOro is available under ValOro's profile on SEDAR at *www.sedar.com*.

Financial information is provided in ValOro's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2017 and its unaudited consolidated financial statements and management's discussion and analysis for the nine months ended September 30, 2018. Copies of these documents are available upon request from ValOro by telephone at 604-694-1742 or by email at eabbott@valoro.ca. Additional financial information is available under ValOro's profile on SEDAR at www.sedar.com.

DATED this 22nd day of November 2018

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) EVELYN E. ABBOTT
CFO and Secretary

SCHEDULE A

THE ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "Arrangement") under section 288 of the *Business Corporations Act* (British Columbia) (the "BCBCA") involving Defiance Silver Corp. ("Defiance") and ValOro Resources Inc. ("VRO"), all as more particularly described and set forth in the Management Information Circular (the "Circular") of VRO dated November 22, 2018 accompanying the notice of this meeting (as the Arrangement may be modified, supplemented or amended), is hereby authorized, approved and adopted.

2. The plan of arrangement, as it may be or has been amended (the "Plan of Arrangement"), involving Defiance and VRO, implementing the Arrangement, the full text of which is set out in Schedule A to the Circular (as the Plan of Arrangement may be, or may have been, modified, supplemented or amended), is hereby approved and adopted.

3. The arrangement agreement (the "Arrangement Agreement") dated November 5, 2018 between Defiance and VRO, the actions of the directors of VRO in approving the Arrangement, and the actions of the officers of VRO in executing and delivering the Arrangement Agreement and any amendments thereto, are hereby ratified and approved.

4. VRO is authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement thereby adopted pursuant to the BCBCA) by the shareholders of VRO or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of VRO are hereby authorized and empowered, without further notice to, or approval of, the shareholders of VRO:

   (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or

   (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

6. Any director or officer of VRO is hereby authorized and directed for and on behalf of VRO to execute, whether under corporate seal of VRO or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Arrangement.

7. Any director or officer of VRO is hereby authorized, for and on behalf and in the name of VRO, to execute and deliver, whether under corporate seal of VRO or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

   (a) all actions required to be taken by or on behalf of VRO, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

   (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by VRO,

   such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE B

PLAN OF ARRANGEMENT

INVOLVING

DEFIANCE SILVER CORP.

AND

VALORO RESOURCES INC.

UNDER THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

DEFINITIONS AND INTERPRETATION

1.1 In this Plan of Arrangement, capitalized terms have the meanings ascribed thereto in the Arrangement Agreement, otherwise the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Arrangement Agreement**" means the arrangement agreement between DEF and VRO dated November 5, 2018, as the same may be amended, amended and restated, modified or supplemented at any time or from time to time, including all Schedules thereto;

"**DEF**" means Defiance Silver Corp., a corporation currently existing under the laws of the Province of British Columbia;

"**parties**" means DEF and VRO, and "party" means any one of them;

"**Transfer Agent**" means TSX Trust Company, the transfer agent for DEF;

"**VRO**" means ValOro Resources Inc., a corporation incorporated under the laws of the Province of British Columbia.

1.2 In this Plan of Arrangement, unless otherwise expressly stated:

(a) the division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement;

(b) the words "hereunder", "hereof" and similar expressions refer to this Plan of Arrangement and not to any particular article, section or subsection and references to "articles", "sections" and "subsections" are to articles, sections and subsections of this Plan of Arrangement;

(c) words importing the singular include the plural and vice versa, and words importing gender include all genders;

(d) the word "including" shall not be exclusive, but shall mean "includes" or "including, without limiting the

generality of the foregoing";

(e) references to sums of money are expressed in lawful money of Canada; and

(f) to any statute or sections thereof referenced herein shall include such statute as amended or substituted and any regulations promulgated thereunder.

ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 Subject to the terms of the Arrangement Agreement, the Arrangement will become effective at the Effective Time and be binding at and after the Effective Time on: (i) DEF, (ii) VRO, and (iii) the VRO Securityholders.

ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequential order without any further act or formality except as otherwise provided herein:

(a) each VRO Shareholder who is a Dissenting Shareholder (as defined in section 5.3) at the Effective Time shall dispose of all of his Dissent Shares and in consideration therefor DEF shall issue to the Dissenting Shareholder a debt-claim against VRO to be paid the aggregate Fair Value of those Dissent Shares in accordance with 0 of this Plan of Arrangement and thereupon the Dissent Shares shall be cancelled and an amount equal to the share capital attributable to such cancelled Dissent Shares shall be subtracted from the share capital of the VRO Shares;

(b) each VRO Share held by a VRO Shareholder shall, as of the Effective Time, be transferred to DEF and each VRO Shareholder shall receive 0.71 DEF Shares for each VRO Share held by such VRO Shareholder;

(c) each VRO Warrant outstanding immediately prior to the Effective Time and not exercised will be exchanged for a DEF Replacement Warrant exercisable for such number of DEF Shares determined as 0.71 DEF Shares for each VRO Share that such VRO Warrant was exercisable for immediately prior to giving effect to the Arrangement and, except as so provided, such DEF Replacement Warrant will thereafter have the same terms and conditions with respect to exercise price, expiry date and otherwise as were applicable in respect of such VRO Warrant immediately prior to giving effect to the Arrangement and thereupon the VRO Warrants so exchanged will be cancelled;

(d) each VRO Option outstanding immediately prior to the Effective Time and not exercised will be exchanged for a DEF Replacement Option exercisable for such number of DEF Shares determined as 0.71 DEF Shares for each VRO Share that such VRO Option was exercisable for immediately prior to giving effect to the Arrangement and, except as so provided, such DEF Replacement Option will thereafter have the same terms and conditions with respect to exercise price, expiry date and otherwise as were applicable in respect of such VRO Option immediately prior to giving effect to the Arrangement and thereupon the VRO Options so exchanged will be cancelled; and

(e) VRO shall continue as a wholly-owned subsidiary of DEF.

3.2 The parties shall make the appropriate entries in their respective securities registers to reflect the matters referred to in section 0.

3.3 With respect to each VRO Shareholder at the Effective Time, upon the transfer of each VRO Share pursuant to subsection 0:

(a) each such VRO Shareholder shall cease to be a holder of the VRO Share so transferred and the name of such VRO Shareholder shall be removed from the register of holders of VRO Shares as it relates to the VRO Share so transferred;

(b) DEF shall be added to the register of holders of VRO Shares as it relates to the VRO Share so transferred to DEF; and

(c) DEF shall allot and issue to such VRO Shareholder the number of DEF Shares issuable to such VRO Shareholder on the basis set forth in subsection 0 and the name of such VRO Shareholder shall be added to the register of holders of DEF Shares.

3.4 With respect to each holder of VRO Warrants at the Effective Time, upon the exchange and cancellation of each of the VRO Warrants pursuant to subsection 0:

(a) each such holder of VRO Warrants shall cease to be a holder of the VRO Warrants so exchanged and cancelled and the name of such holder shall be removed from the register of holders of VRO Warrants as it relates to the VRO Warrant so exchanged and cancelled; and

(b) DEF shall allot and issue to such holder the number and class of DEF Replacement Warrants issuable to such holder on the basis set forth in subsection 0 and the name of such holder shall be added to the register of holders of DEF Replacement Warrants.

3.5 With respect to each holder of VRO Options at the Effective Time, upon the exchange and cancellation of each of the VRO Options pursuant to subsection 0:

(a) each such holder of VRO Options shall cease to be a holder of the VRO Options so exchanged and cancelled and the name of such holder shall be removed from the register of holders of VRO Options as it relates to the VRO Option so exchanged and cancelled; and

(b) DEF shall allot and issue to such holder the number and class of DEF Replacement Options issuable to such holder on the basis set forth in subsection 0 and the name of such holder shall be added to the register of holders of DEF Replacement Options.

3.6 DEF shall be entitled to deduct and withhold from any consideration or amount payable to any Person such amounts as DEF is required or permitted to deduct and withhold with respect to such consideration or payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such

deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate governmental authority. To the extent that the amount so required to be deducted or withheld from any payment to a Person exceeds the consideration otherwise payable to the Person, DEF is hereby authorized to sell or otherwise dispose of any property or amount otherwise payable to such Person to the extent necessary to provide sufficient funds to DEF to enable it to comply with such deduction or withholding requirement and DEF shall remit to such Person any unapplied balance of the net proceeds of such sale.

3.7 The Arrangement shall be structured such that, assuming the Arrangement Resolutions are approved and the Final Order is obtained, the issuance of DEF Securities under the Arrangement will not require registration under the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, in reliance on Section 3(a)(10) thereof.

CLOSING PROCEDURES

4.1 From and after the Effective Time, certificates representing VRO Shares, VRO Options and VRO Warrants shall represent only the right to receive the consideration to which the holder of such VRO Securities is entitled under the Arrangement.

4.2 DEF shall cause its Transfer Agent to, as soon as practicable following the later of the Effective Date to electronically issue certificates representing the DEF Shares issuable under section 3.1(b) based on such documents and instruments as the Transfer Agent may reasonably require, including coordination with the transfer agent of VRO.

4.3 DEF's transfer agent shall register DEF Shares in the name of each former VRO Shareholder entitled thereto or as otherwise instructed by DEF and VRO.

4.4 DEF will issue DEF Replacement Warrant certificates and DEF Replacement Option certificates to the holders of VRO Warrants and VRO Options, in the name of each former holder thereof and shall deliver such DEF Replacement Warrant certificates and DEF Replacement Option certificates pursuant to the delivery instructions as set forth in the applicable register of VRO Warrants and VRO Options as maintained by VRO.

4.5 If any certificate which immediately prior to the Effective Time represented an interest in an outstanding VRO Security has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Transfer Agent or DEF, as applicable, shall deliver in exchange for such lost stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement as determined in accordance with the Arrangement. The person who is entitled to receive such consideration may be required, as a condition precedent to the receipt thereof, to give a bond to each of the Transfer Agent and DEF, which bond is in form and substance satisfactory to each of the Transfer Agent and DEF or shall otherwise indemnify the Transfer Agent and DEF against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

4.6 Notwithstanding anything herein contained, no fractional DEF Securities will be issued. In the event that a holder would otherwise be entitled to a fractional DEF Security hereunder, the number of DEF Securities

issued to such holder shall be rounded up to the next greater whole number of DEF Securities, as applicable, if the fractional entitlement is equal to or greater than 0.5, and shall, without any additional compensation, be rounded down to the next lesser whole number of DEF Securities if the fractional entitlement is less than 0.5. In calculating such fractional interests, all VRO Securities of each class registered in the name of or beneficially held by such VRO Securityholder or its nominee shall be aggregated.

4.7 All dividends or other distributions made in respect of DEF Shares to which a former VRO Shareholder is entitled in accordance with the terms of the Arrangement, but for which a certificate representing either the DEF Shares has not been delivered to such VRO Shareholder in accordance with this 0, shall be paid or delivered to the Transfer Agent to be held in trust for such VRO Shareholder for delivery to such shareholder, net of all applicable withholding and other taxes, upon delivery of the certificate in accordance with this 0.

DISSENT RIGHTS

5.1 Each registered VRO Shareholder shall have the right (the VRO Shareholder's "**Dissent Rights**") to dissent from the Arrangement and be paid the Fair Value for his VRO Shares provided that the VRO Shareholder exercises the holder's Dissent Rights:

(a) in respect of all, and not less than all, of the VRO Shareholder's VRO Shares, and

(b) strictly in accordance with the rules and procedures set out in subsection 5.2 below.

5.2 The rules and procedures (the "**Dissent Procedures**") by which a VRO Shareholder may exercise Dissent Rights are those set out in Division 2 of Part 8 of the BCBCA, provided that no VRO Shareholder who votes in favour of the Arrangement Resolution may exercise Dissent Rights or be a Dissenting VRO Shareholder.

5.3 Each registered VRO Shareholder who validly exercises Dissent Rights in respect of all, and not less than all, of the VRO Shareholder's VRO Shares and otherwise strictly acts in accordance with the Dissent Procedures, and whose Dissent Rights have not been withdrawn, revoked, or otherwise cancelled at or before the Effective Time (each such VRO Shareholder a "**Dissenting VRO Shareholder**", and each of the Dissenting VRO Shareholder's VRO Shares, a "**Dissent Share**"), shall participate in the Arrangement in the manner set out in paragraph 3.1(a) hereof.

5.4 The Fair Value of Dissent Shares shall be determined and, subject to section 5.6, paid in accordance with the rules, procedures, rights, and obligations set out in the BCBCA, and each payment by VRO to a Dissenting VRO Shareholder of the Fair Value of the Dissenting VRO Shareholder's Dissent Shares shall be and be deemed to be in full, final, and conclusive payment, accord, and satisfaction of the debt claim issued to the Dissenting VRO Shareholder pursuant to paragraph 3.1(a) hereof, and all rights of every kind and description hereunder.

5.5 VRO hereby designates, in respect of each payment of the Fair Value of Dissent Shares to a Dissenting VRO Shareholder, the lesser of:

(a) that portion of the payment that is deemed by subsection 84(3) of the Tax Act to be a taxable dividend paid by VRO to the VRO Dissenting Shareholder, and

(b) the amount by which that deemed dividend exceeds VRO's "low rate income pool" (as defined in subsection 89(1) of the Tax Act) at the time of payment,

to be an Eligible Dividend.

5.6 Each payment by VRO to a Dissenting VRO Shareholder in accordance herewith shall be subject to, and be paid net of, all withholding taxes applicable to the payment pursuant Part XIII of the Tax Act.

AMENDMENTS

6.1 DEF and VRO may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) approved by the Parties; (iii) filed with the Court and, if made following the execution of the VRO Arrangement Resolutions, approved by the Court; and (iv) communicated to the VRO Shareholders, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by DEF and VRO at any time (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and, subject to any approval of VRO Securityholders required by the Court, shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment to this Plan of Arrangement that is approved by the Court following the approval of the Arrangement Resolutions shall be effective only: (a) if it is consented to by each of VRO and DEF; and (b) if required by the Court or applicable law, it is consented to by the VRO Securityholders.

6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time by DEF, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of DEF, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any former VRO Securityholders.

ADDITIONAL STEPS

7.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

7.2 Subject to the terms of the Arrangement Agreement, DEF and VRO may agree not to implement the Plan, notwithstanding the approval of the resolutions authorizing the Arrangement and the receipt of the Final Order.

SCHEDULE C

INFORMATION PERTAINING TO DEFIANCE

All information provided in this Schedule C has been provided by and is the responsibility of Defiance.

Corporate Structure

Defiance Silver Corp. ("**Defiance**") is a public company incorporated under the provisions of the BCBCA on July 19, 2007. Defiance does not have any Affiliates, associates or subsidiaries other than Minera Santa Remy S.A. de C.V., a Mexican company wholly owned by Defiance and DefCap (BVI) Inc., a British Virgin Islands company wholly owned by Defiance.

The head office of Defiance is located at Suite 2300 – 1177 W. Hastings Street, Vancouver British Columbia V6E 2K3.

The registered and records offices of Defiance are located at Suite 2900 – 595 Burrard Street, Vancouver British Columbia V7X 1J5.

General Development of the Business

History

The Company is a publicly listed company on the TSXV, trading under the symbol "DEF".

The Company is an exploration-stage company and engages principally in the acquisition and exploration of mineral properties, primarily in Mexico. Defiance and its subsidiaries have acquired or have entered into agreements as further described herein, to acquire interests in the following properties which are considered material: (i) the San Acacio Silver Project; and (ii) the Lagartos Project.

With the acquisition of ValOro, Defiance intends to expand its Mexican silver properties to include the Tepal Project and to advance the development of its properties as soon as practicable.

Significant Acquisitions

Defiance has held an option to acquire a 100% interest in the San Acacio Silver Project since 2011. In January 2016, Defiance made application to acquire the Minerva property located in the state of Saltillo in northern Mexico. In June 2018, Defiance acquired the Lagartos Project from MAG Silver Corp.

Narrative Description of the Business

Material Properties

Defiance holds interests in two mineral properties which may be considered material to Defiance: (i) the San Acacio Project; and (ii) the Lagartos Project.

San Acacio Project

The following is a summary of previously disclosed information concerning the San Acacio Project. The following summary does not purport to be a complete summary of all information pertaining to the San Acacio Project.

Overview

Defiance holds an option to acquire a 100% interest in the San Acacio property, consisting of 10 mining concessions and associated surface rights and tailings, located approximately 6.5 km north of the city of Zacatecas, Mexico. Zacatecas is a fully serviced town with a 500 year old mining tradition, a skilled labour force and excellent infrastructure. The area is rolling hills with only moderate rainfall and sparse vegetation. Elevations vary from 2200 to 2800 metres above sea level.

Acquisition Terms

Defiance has acquired access rights over the mining concessions and surrounding areas through negotiating surface rights agreements with five groups. The agreements are for terms of three to 20 years covering explorations and in one instance mining activities.

To acquire the property, Defiance has an aggregate of US$ 4,972,140 of payments remaining, which are payable over the next two years as to US$ 680,700 by September 27, 2019, and balance of US$ 4,291,440 by September 27, 2020. The property is subject to a 2.5% net smelter return royalty ("NSR") payable to the vendors on production from the property. Defiance will have the right to purchase the NSR at any time for US$ 2,500,000 which will escalate with the official Mexican Inflation Index after a five year period. Following the first anniversary of the exercise of the option, Defiance must make minimum annual royalty payments of US$ 125,000. The minimum royalty commitment terminates once the actual production royalty being paid is equal to or higher than the equivalent to the minimum that would have been due during six consecutive months.

Geology

The Project covers 746 hectares in the southeastern 5.6 km of the large Veta Grande silver vein system, one of the four principal vein systems that comprise the Zacatecas Silver District. The Zacatecas Silver Mining District, which covers an area of over 700 square kilometres is known for its rich epithermal and mesothermal vein deposits containing silver and gold with varying amounts of copper, lead and zinc. The dominant features responsible for the localization of precious and base metals are believed to be Tertiary in age. The entire District has produced over 1 billion ounces of silver. The District is undergoing renewed exploration and development activity due to the success of the Cozamin Mine, operated by Capstone Mining Corp. on the Mala Noche vein 2.5 kilometres southwest of the San Acacio Project, the recent development activity of Endeavour Silver Corp at the El Compas deposit, and production from the north western portion of Veta Grande by Santcruz Mining Ltd.

The San Acacio mining concessions are underlain by the early Cretaceous Chilitos Formation overlain by a sequence of submarine andesitic volcanics with textures commonly pillowed, massive, porphyritic or brecciated in nature. Minor clastic sediments are intercalated with this dominant volcanic package.

The Veta Grande vein is intruded along a structure striking NW-SE, dipping 55 to 70 degrees to the SW. Three individual veins make up the main vein structure at San Acacio, including Veta Grande (Veta G or Main vein), Veta Chica (Veta C or HW), and the Veta Blanca (Veta B or FW). The veins are sub-parallel to each other and vary from 2 to 30 metres in width. The mineralized veins pinch and swell along strike and contain silica-carbonate fissure fillings. Mineralization is primarily silver rich consisting of variable amounts of pyrite, anglesite ($PbSO_4$), cerussite ($PbCO_3$), native silver (Ag), argentite (Ag_2S), proustite (Ag_3AsS_3), galena (PbS), sphalerite ((Zn,Fe)S), cerargyrite (AgCl) and rare chalcopyrite ($CuFeS_2$) in a gangue of chalcedony, quartz, amethyst, barite and calcite. However in diamond drill hole SAD14-02 in the Almaden area, a later phase of mineralization is more base metal rich with significant copper and gold credits.

Historical workings on the San Acacio portion of the Veta Grande extend over a horizontal distance of 1200 metres with the bulk of the mining reaching a depth of 200 metres. Minor stoping is known to exist below 200 metres in the vicinity of the San Genaro shaft. At least three sub-parallel veins have been partially developed on three main levels. The vein structure extends to a depth of 335 metres based on drill core intercepts. It is important to note the depth of mining activity on the adjoining Gutierrez property immediately to the northwest of San Acacio reaches depths of 355 metres, implying untested exploration potential at San Acacio. Other similar vein structures in the district such as Capstones 'Mala Noche' vein is known to reach depths of over 1200 metres.

Resources

In 2014, Giroux Consultants Ltd. was retained to produce a global resource estimate on the Veta Grande silver veins on Defiance's San Acacio Property. Based on data from previous exploration consisting of diamond drill holes, underground chip samples, underground drill holes and surface trench samples with assays for silver, gold, copper, lead and zinc from three vein structures, Veta G (Main vein), Veta B (Footwall vein or FW) and Veta C (Hanging wall vein or HW) Giroux Consultants Ltd. calculated the following inferred resource (a copy of the report is available under Defiance's profile on SEDAR):

Estimated Inferred Silver Equivalent Resource - San Acacio silver veins

Vein	AgEq Cut-off (g/t)	Tonnes > Cut-off (tonnes)	Grade>Cut-off			Contained Metal		
			Ag(g/t)	Au (g/t)	AgEq (g/t)	Ag (ozs)	Au (ozs)	AgEq (ozs)
VETA G	100.0	2,150,000	192.43	0.19	204.66	13,302,000	10,000	14,147,000
VETA C	100.0	739,000	153.28	0.08	158.66	3,642,000	1,900	3,770,000
VETA B	100.0	13,000	76.53	0.45	105.98	32,000	190	44,000
TOTAL	**100.0**	**2,902,000**	**181.94**	**0.16**	**192.50**	**16,976,000**	**12,090**	**17,961,000**

Samples include both mineralized quartz breccia vein and mineralized backfill material in old stopes. As many of the samples were not assayed for lead, zinc and copper, only Ag and Au were estimated for the resource using a 100 gram per tonne cutoff.

Subsequently, Defiance carried out three drill programs totalling approximately 8300 metres in 30 holes within the 1200 metres long zone of historical mining and the 900 metres extension with relatively shallow shafts and only minor underground workings. The drilling within and below the 1200 metres of historic workings, was successful in extending mineralization to depth as well as defining additional mineralized areas that are not included in an earlier resource calculation. Drilling along the 900 metre extension of the 1.2 kilometre long San Acacio mineralized system, intersected wide zones of stockwork and veining down to an elevation of 350 metres below surface. The wide zones hosted anomalous silver and base metal values in veins with brecciation and stockworks. Multistage veining, brecciation and amethystic quartz are similar in nature to known mineralization in the main San Acacio deposit, however the anomalous metal values are consistent with a lower grade zone within a vertically zoned system with potentially higher grades deeper in the system.

In late 2017, Defiance carried our two geophysical surveys. An induced polarization survey defined a 200 metre long by 300 metre wide anomaly that started at 200 metre below the surface and is open at depth. An Atomic Energy Resolution Imaging (AERI) survey, which is a newly developed exploration tool with a depth penetration

to 1000 metre that builds high precision mineralization maps, was also conducted. At San Acacio, the AERI survey covered an area 1.6 kilometres by 1.6 kilometres and defined an anomaly co-incident with the induced polarization anomaly but to a 1000 metre depth with a width of 400 metres. The AERI system can significantly increase drilling efficiency by providing a three-dimensional mineralization GPS location and a depth to target.

Defiance's strategy for its ongoing exploration program at San Acacio is to begin drill testing the newly defined geophysical anomalies at depth that are coincident with the projection of the geologically favourable zones within the Veta Grande vein system.

Lagartos Project

The Lagartos Project consists of 14 concessions covering approximately 800 hectares and includes two concessions adjacent to the San Acacio claim block. These concessions host the projected extension to depth of the 1200 metre long section of the Veta Grande vein that hosts the historic mine workings and the current inferred resource.

Defiance acquired the Lagartos Project from MAG Silver Corp. in June 2018 for consideration of 5,000,000 Defiance Shares. Additionally Defiance acquired MAG Silver's regional exploration database including a drill hole database totalling 90 holes, extensive geochemistry, geophysics, satellite imagery, and detailed drill logs from over 135,000 has stretching from the Zacatecas to the Fresnillo Silver Districts in Mexico. This acquisition allowed Defiance to further consolidate its land position in the Zacatecas Silver District which is being actively explored by a number of silver miners while also adding MAG Silver Corp as a significant shareholder.

The extensive exploration programs carried out by MAG Silver Corp included: satellite imagery; both airborne and geophysical surveys; geochemical and geological surveys; and 90 diamond drill holes. This work identified a number of broad (10s of meters wide) hydrothermal alteration zones along structures up to four kilometers long that appear to represent the upper level manifestations of deeper Zacatecas or Fresnillo (Juanicipio)-style epithermal vein mineralization. Select grab samples along these zones returned values ranging from 15 grams per tonne to up to 2.3 kilograms silver. Significant drilling highlights include 850 grams per tonne (24.8 ounces per tonne) silver over 0.95 meters and 417 grams per tonne (12.1 ounces per tonne) silver over 1.0 meters (See MAG Silver News Release dated Jan 19, 2010).

Non-Material Properties

Minerva Property

Defiance has applied for the Minerva property located in northern Mexico. The property comprises approximately 29,000 ha covering a district with a series of old artisanal mine workings from the 1980s with very limited production from a small stamp mill. Access is good via a series of paved and dirt roads. However, only limited modern exploration has been carried out. Silver-lead-zinc mineralization occurs as carbonate replacement and skarn bodies within a well-developed limestone-siltstone sequence and is related to a series of granitic to dioritic igneous intrusions. As of the date of this Circular, Defiance has not received those concessions.

Description of Securities

Defiance Shares

The authorized capital of Defiance consists of an unlimited number of Defiance Shares. As at the Record Date, there are 103,351,821 Defiance Shares issued and outstanding as fully paid and non-assessable.

Defiance Shareholders are entitled to dividends if, as and when declared by the Defiance Board, to receive notice of and to attend all meetings of Defiance Shareholders, to one vote per Defiance Share at such meetings, and to receive any remaining property of Defiance upon dissolution.

The Defiance Shares do not carry any pre-emptive, conversion or exchange rights, no redemption, retraction, repurchase, sinking fund or purchase fund provisions, and there are no provisions requiring the holder of Defiance Shares to contribute additional capital.

Defiance is not subject to any restrictions on the issuance of additional securities, and there are no restrictions on the repurchase or redemption of Defiance Shares by Defiance, provided any such repurchase or redemption complies with applicable securities legislation, complies with TSXV policies, and would not render Defiance insolvent.

Defiance Options

Defiance presently has a "rolling" stock option plan (the "Defiance Option Plan") whereby Defiance is authorized to grant stock options of up to 10% of its issued and outstanding shares, from time to time (calculated at the time of any particular grant).

The Defiance Option Plan provides that the terms of the options and the option price may be fixed by the Board subject to the price restrictions and other requirements of the TSXV. The Defiance Option Plan also provides that no option may be granted to any person except upon the recommendation of the Board, and only directors, officers, employees, consultants and other key personnel of Defiance or any subsidiary may receive options. Options granted under the Defiance Option Plan may not be exercisable for a period longer than ten years and the exercise price must be paid in full upon exercise of the option.

The Defiance Option Plan is subject to the additional following restrictions:

(a) Defiance shall not grant options to any one person in any 12 month period which could, when exercised, result in the issuance of common shares exceeding 5% of the issued and outstanding Defiance Shares;

(b) Defiance shall not grant options to any one consultant in any 12 month period which could, when exercised, result in the issuance of Defiance Shares exceeding 2% of the issued and outstanding Defiance Shares;

(c) Defiance shall not grant options in any 12 month period, to persons employed or engaged by Defiance to perform investor relations activities which could, when exercised, result in the issuance of Defiance Shares exceeding, in the aggregate, 2% of the issued and outstanding Defiance Shares;

(d) if any option expires or otherwise terminates for any reason without having been exercised in full, the number of Defiance Shares in respect of which the option expired or terminated shall again be available for the purposes of the Defiance Option Plan;

(e) if an option holder dies, any vested option held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of up to one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;

(f) if an option holder ceases to be a director, officer or employed by or provide services to Defiance, other than by reason of death, the options granted will expire on the 90th day following the date the option holder ceases to be affiliated with Defiance, subject to any regulatory requirements;

(g) all options granted to consultants performing investor relations activities will vest in stages over 12 months with no more than one-quarter of the options vesting in any three month period; and

(h) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Defiance Option Plan with respect to all Defiance Shares under the Defiance Option Plan in respect of options which have not yet been granted under the Defiance Option Plan, subject to regulatory approval.

As of the Record Date, Defiance has Defiance Options outstanding to purchase 3,385,000 Defiance Shares, exercisable as follows:

Number	Exercise Price	Expiry Date
300,000	$0.30	October 23, 2019
1,690,000	$0.10	November 6, 2019
100,000	$0.15	March 12, 2020
100,000	$0.11	June 10, 2020
50,000	$0.10	November 27, 2020
200,000	$0.41	July 20, 2021
780,000	$0.32	December 14, 2021
30,000	$0.32	December 16, 2021
135,000	$0.35	February 15, 2023

Defiance Warrants

As of the Record Date, Defiance has Defiance Warrants outstanding to purchase 8,246,001 Defiance Shares, exercisable as follows:

Number	Exercise Price	Expiry Date
2,058,800	$0.34	June 19, 2019
5,232,401	$0.45	September 19, 2019
954,800	$0.45	September 29, 2019

Capitalization

The following table provides information concerning Defiance's consolidated capital:

Designation of Security	Amount Authorized	Amount outstanding as at June 30, 2018	Amount outstanding as of the Record Date
Defiance Shares	Unlimited	103,351,821	103,351,821
Defiance Options	n/a	3,385,000	3,585,000
Defiance Warrants	n/a	8,246,001	8,246,001
Fully Diluted		**114,982,822**	**114,982,822**

Prior Sales

In the 24 months preceding the Record Date, Defiance has issued the following securities:

Date	Price	Security Issued	Number of Securities	Aggregate Issue Price	Description
November 22, 2016	$0.15	Shares	25,000	$3,750	Warrant Exercise
December 1, 2016	$0.15	Shares	25,000	$3,750	Warrant Exercise
December 14, 2016	$0.32	Options	830,000	n/a	Options Grant
December 16, 2016	$0.32	Options	30,000	n/a	Options Grant
July 26, 2017	$0.31	Options	300,000	n/a	Options Grant
September 19, 2017	$0.30	Units	5,750,001	n/a	Private Placement [1]
September 19, 2017	$0.45	Warrants	437,200	n/a	Finder's Warrants [2]
October 23, 2017	$0.30	Options	300,000	n/a	Options Grant
February 15, 2018	$0.35	Options	135,000	n/a	Options Grant
March 12, 2018	$0.10	Shares	150,000	$15,000	Options Exercise
April 18, 2018	$0.31	Shares	100,000	$31,000	Option Exercise
June 19, 2018	$0.45	Warrants	2,058,800	n/a	Bonus Warrants [3]
June 22, 2018	n/a	Shares	5,000,000	n/a	Acquisition [4]
September 18, 2018	$0.26	Warrants	1,618,800	n/a	Bonus Warrants [5]

1. Private placement of units, each unit consisting of one Defiance Share and one warrant exercisable at $0.45 for 24 months from the date of issue to acquire an additional Defiance Share.
2. Finder's warrants issued in connection with the September 19, 2018 unit private placement.
3. Bonus warrants issued as partial consideration of a loan of $700,000.
4. Shares issued in connection with Defiance's purchase of the Lagartos Project from MAG Silver Corp.
5. Bonus shares issued as partial consideration for increasing a loan from $700,000 to $1,120,810.

Trading History

The Defiance Shares are listed and posted for trading on the TSXV. The following table sets forth the high and low sales prices (which are not necessarily the closing prices) and the trading volumes for Defiance Shares on the TSXV as reported by the TSXV for the periods indicated:

Period	High	Low	Trading Volume
November 1 to November 16, 2018	$0.25	$0.19	541,060
Month ended October 31, 2018	$0.32	$0.235	709,841
Month ended September 30, 2018	$0.295	$0.23	807,831
Month ended August 31, 2018	$0.28	$0.22	687,885
Month ended July 31, 2018	$0.31	$0.23	746,677
April 1 – June 30 2018	$0.44	$0.345	3,468,068
January 1 – March 31, 2018	$0.395	$0.30	5,585,171

Period	High	Low	Trading Volume
October 1 – December 31, 2017	$0.375	$0.235	3,819,593

Selected Financial Information

Defiance's audited financial statements for the fiscal years ended June 30, 2018 and 2017 are hereby incorporated by reference into this Circular. A copy of the financial statements can be found under Defiance's profile on SEDAR.

Management's Discussion and Analysis

Defiance's MD&A pertaining to its financial statements for the fiscal years ended June 30, 2018 and 2017 is hereby incorporated by reference into this Circular. A copy of the MD&A can be found under Defiance's profile on SEDAR.

Officers and Directors

The following table sets out the names of Defiance's directors and officers, the positions and offices which they presently hold with Defiance, their respective principal occupations or employments during the past five years and the number of Defiance Shares which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the Record Date:

Name, Province/State and Country of Residence	Positions held with Defiance	Principal Occupation	Number of Shares [1]
Peter J. Hawley Quebec, Canada	President, CEO and Director	Chairman, President of Scorpio Gold Corporation.	nil
Darrell A. Rader[2,3] British Columbia, Canada	Director	CEO, President and director of Minaurum Gold Inc. (TSXV).	2,453,550[4]
Ronald E. Sowerby[2,3] British Columbia, Canada	Director	Chief Financial Officer of Defiance from July 31, 2007 until October 26, 2012. Secretary for Defiance from July 20, 2009 until October 26, 2012.	1,903,751
Paul A. Smith[2] Bristol, United Kingdom	Director	Self-employed consultant. Founding shareholder and Finance Director of Ocean Partners Holdings Limited (July 1996 to May 2012), a global trader of copper, zinc and lead concentrates.	650,000
Michael W. Kinley Nova Scotia, Canada	CFO	President of Winslow Associates Management & Communications Inc., a private consulting firm which provides accounting services to junior public companies	200,000

1. Information as to voting shares beneficially owned, not being within the knowledge of Defiance, has been furnished by the respective nominees individually.
2. Member of Audit Committee.

3. Member of Compensation Committee.
4. Of these shares, 1,653,050 are registered in the name of Kesa Capital Corp., a private company controlled by Darrell Rader.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers)* sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended June 30, 2018, excluding compensation securities.

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compen-sation ($)	Total compen-sation ($)
Peter J. Hawley[3] *Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
Darrell A. Rader *Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	30,000[5] 30,000[5]	30,000[5] 30,000[5]
Paul A. Smith *Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
Ronald E. Sowerby *Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
Michael W. Kinley *CFO*	2018 2017	nil nil	nil nil	nil nil	nil nil	14,000[4] 14,000[4]	14,000[4] 14,000[4]
W. D. Bruce Winfield [2] *Former, CEO, President and Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	60,000[2] 60,000[2]	60,000[2] 60,000[2]
D. Roger Scammell *Former Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
Roy Bonnell [1] *Former CEO and President*	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
George A. Gorzynski *Former Director*	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil

1. Roy Bonnell was the CEO and President from August 1, 2017 until December 31, 2017.
2. W. D. Bruce Winfield served as CEO, President and director from June 6, 2011 to July 26, 2017. Paid to Winfield Consulting Ltd., a private company controlled by W. D. Bruce Winfield.
3. Peter Hawley was appointed as a director on July 14, 2016; and was appointed as CEO and President on February 15, 2018.
4. Paid to Winslow Associates Management and Communications Inc., a private company controlled by Michael W. Kinley.
5. Paid to 0872599 B.C. Ltd., a private company controlled by Darrell A. Rader.

Legal Proceedings

There are no legal proceedings material to Defiance to which Defiance is a party or of which any of its property is the subject matter, and to the knowledge of Defiance**,** no such proceedings are being contemplated by any person.

Auditor, Transfer Agent and Registrar

Auditor

The auditor of Defiance is Davidson & Company LLP, Chartered Professional Accountants, located at 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1G6.

Transfer Agent and Registrar

The Company's transfer agent and registrar is TSX Trust Company at 27th Floor, 650 W. Georgia Street, Vancouver, British Columbia.

Material Contracts

The only material contracts entered into by Defiance prior to the Record Date which are still in effect are:

(a) Agreement with the TMX Trust Company to act as Defiance's register and transfer agent;

(b) Listing Agreement with the TSXV;

(c) Defiance Option Plan;

(d) Option Agreement for the San Acacio Property; and

(e) Loan facility agreement pertaining to a $1,120,810 loan facility from Defiance's largest shareholder.

SCHEDULE D

DISSENT PROVISIONS OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

DEFINITIONS AND APPLICATION

237 (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of

dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

RIGHT TO DISSENT

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the Company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the Company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the Company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

WAIVER OF RIGHT TO DISSENT

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the Company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

NOTICE OF RESOLUTION

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the Company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the Company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the Company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the Company complying with subsection (2), the Company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

NOTICE OF COURT ORDERS

241 If a court order provides for a right of dissent, the Company must, not later than 14 days after the date on which the Company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

NOTICE OF DISSENT

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the Company has complied with section 240 (1) or (2), send written notice of dissent to the Company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the Company has complied with section 240 (3), send written notice of dissent to the Company not more than 14 days after receiving the records referred to in that section, or

(c) if the Company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the Company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must

(a) send written notice of dissent to the Company on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the Company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the Company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the Company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

NOTICE OF INTENTION TO PROCEED

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the Company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the Company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the Company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the Company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

COMPLETION OF DISSENT

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the Company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the Company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the Company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the Company the notice shares, and

(b) the Company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

PAYMENT FOR NOTICE SHARES

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the Company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the Company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the Company under subsection (1) or the Company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the Company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the Company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the Company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the Company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the Company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the Company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the Company, to be paid as soon as the Company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the Company is insolvent, or

(b) the payment would render the Company insolvent.

LOSS OF RIGHT TO DISSENT

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the Company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

SHAREHOLDERS ENTITLED TO RETURN OF SHARES AND RIGHTS

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the Company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the Company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE E

PETITION TO THE COURT

See attached.

S1812416

No. _____
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

VALORO RESOURCES INC.

PETITIONER

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG
VALORO RESOURCES INC.,
ITS SHAREHOLDERS, AND
DEFIANCE SILVER CORP.

PETITION TO THE COURT

This proceeding is brought by the petitioner for the relief set out in Part 1 below.

[Check whichever one of the following boxes is correct and complete any required information.]

If you intend to respond to this petition, you or your lawyer must

a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

b) serve on the petitioner(s)

i) 2 copies of the filed response to petition, and

ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to the petition within the time for response.

Time for response to the petition

A response to petition must be filed and served on the petitioner(s),

a) if you were served with the petition anywhere in Canada, within 21 days after that service,

b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,

c) if you were served with the petition anywhere else, within 49 days after that service, or

d) if the time for response has been set by order of the court, within that time.

(1)	The address of the registry is: The Vancouver Law Courts, 800 Smithe Street, Vancouver, BC V6Z 2E1
(2)	The ADDRESS FOR SERVICE of the petitioner is: Northwest Law Group Suite 704, Box 35 595 Howe Street Vancouver, BC V6C 2T5 (Attention: Michael Provenzano or Maryna M. O'Neill) Fax number address for service of the petitioner: 1-866-687-5792 E-mail address for service of the petitioner: michael@nwlg.ca or mmo@stockslaw.com
(3)	The name and office address of the petitioner's lawyer is: Same as above

CLAIM OF THE PETITIONER

Part 1: ORDERS SOUGHT

1. The petitioner, ValOro Resources Inc. ("**ValOro**") applies to this Court for:

a) An Interim Order in the form attached as Schedule "A" hereto, (the "**Interim Order**"); and

b) an order, (the "**Final Order**"), approving the arrangement as may be authorized, approved and agreed by one or more special resolutions of the Petitioner, made in accordance with the Interim Order, pursuant to Sections 288 and 291 of the *Business Corporations Act,* S.B.C. 2002, c. 57, as amended ("**BCBCA**"); and

c) such further and other relief as this Honourable Court may deem just.

Part 2: FACTUAL BASIS

Parties to the Arrangement

1. ValOro is incorporated under the BCBCA with registered and records offices located at Suite 704 – 595 Howe Street, Vancouver, British Columbia V6C 2T5.

2. ValOro is a public company with a property in Mexico that it wishes to develop and bring into commercial production of gold and copper. Shares of ValOro are listed for trading on the TSX Venture Exchange under the symbol "VRO".

3. Defiance Silver Corp. ("**Defiance**") is incorporated under the BCBCA, with registered and records offices located at 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5.

4. Defiance is a public mining company with a property in Mexico that it wishes to develop and bring into commercial production of silver. Shares of Defiance are listed on the TSX Venture Exchange under the symbol "DEF".

5. ValOro and Defiance want to increase their access to capital and the skills and abilities of their combined management team and board of directors by Defiance acquiring ValOro and combining their boards and management.

The Arrangement

6. ValOro and Defiance entered into an arrangement agreement dated November 5, 2018 (the "**Arrangement Agreement**") providing for an arrangement (the "**Arrangement**") whereby, subject to the terms and conditions of the Arrangement Agreement, Defiance will acquire all of the common shares of ValOro and the stock options and warrants to purchase shares of ValOro will be converted to permit the purchase of shares of Defiance, all according to a plan of arrangement under the provisions of the BCBCA (the "**Plan of Arrangement**"). Assuming the Arrangement becomes effective, the holders of common shares of ValOro ("**Shareholders**") will receive 0.71 Defiance common shares for every one ValOro common share, and the holders of warrants and options to acquire common shares of ValOro ("**Warrantholders**" and "**Optionholders**", respectively) will

become entitled to acquire common shares of Defiance upon the exercise of their ValOro warrants and options, in such numbers and for such exercise price as adjusted by the 0.71 exchange ratio.

7. The details of the proposed Arrangement, including the rights of dissenting Shareholders, are more particularly set out in the Plan of Arrangement, a copy of which is attached as Exhibit "A" to the Affidavit #1 of Dunham Craig sworn on November 19, 2018 and filed herein and as Schedule "B" to the Information Circular (the **"Information Circular"**) which is included in exhibit "B" to the Affidavit #1 of Dunham Craig.

Fairness of the Arrangement

8. The independent members of the Board of Directors of ValOro (the "ValOro Board") have unanimously determined that the Arrangement is fair to the Shareholders, Warrantholders and Optionholders and is in the best interest of ValOro and the Shareholders, Warrantholders and Optionholders. In making the recommendation for approval of the Arrangement, the ValOro Board considered various factors and reasons as set out in the Information Circular that will be sent to Shareholders, Warrantholders and Optionholders.

Meeting

9. ValOro intends to convene a special meeting of Shareholders, Warrantholders and Optionholders to be held at Suite 704, 595 Howe Street, Vancouver, British Columbia on **Monday, December 17, 2018 at 10:00 a.m.** (Pacific Standard Time) or at such other time and location in Vancouver, British Columbia to be determined by ValOro provided that the ValOro Shareholders and ValOro Optionholders have due notice of same (the "**Meeting**"), to consider, among other things:

   (a) the proposed Plan of Arrangement and special resolution approving the Plan of Arrangement; and

   (b) to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

10. The record date for the Meeting is November 16, 2018 (the "**Record Date**"). Shareholders, Warrantholders and Optionholders as at the close of business (Pacific Standard Time) on the Record Date will have the right to receive notice of and to vote at the Meeting.

Approval

11. ValOro intends that if the Plan of Arrangement is approved and adopted, with or without variation, by a special resolution of the Shareholders, Warrantholders and Optionholders at the Meeting, and unless the Arrangement is terminated by the directors of ValOro and subject to all other conditions to the completion of the Arrangement being met or waived, including the receipt of approval of applicable regulatory authorities and this Honourable Court, the Arrangement will be implemented.

Dissent Rights

12. Each of the registered ValOro shareholders shall have the right to dissent in respect of the Arrangement Resolutions in accordance with Sections 238 – 247 of the BCBCA, as varied by the Plan of Arrangement, this Interim Order and the Final Order.

13. In order for a ValOro Shareholder to exercise such right of dissent under Section 238 of the BCBCA:

    (a) A dissenting ValOro Shareholder shall deliver a written notice of dissent by registered mail, to ValOro at Suite 704 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5, by no later than 5:00 p.m. on December 12, 2018, oor at least two days before any date to which the Meeting may be postponed or adjourned;

    (b) A dissenting ValOro Shareholder shall not have voted his, her, or its ValOro shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolutions;

    (c) A vote against the Arrangement Resolutions or an abstention shall not constitute the written notice of dissent required under subparagraph (a);

(d) A dissenting ValOro shareholder may not exercise rights of dissent in respect of only a portion of such dissenting ValOro Shareholder's shares, but may dissent only with respect to all of the ValOro shares held by such person; and

(e) The exercise of such right of dissent must otherwise comply with the requirements of Section 238-247 of the BCBCA, as modified by the Interim Order and Final Order.

14. The fair value of the ValOro shares held by the dissenting Shareholder shall be the fair value of such ValOro shares immediately before the approval of the Arrangement by the ValOro Shareholders.

15. If the dissenting Shareholder is entitled to be paid fair value for such ValOro shares, the fair value for those ValOro shares will be determined as follows:

(a) If ValOro and a dissenting Shareholder agree on the fair value of the ValOro shares, then ValOro must promptly pay that amount to the dissenting Shareholder; and

(b) If a dissenting Shareholder and ValOro are unable to agree on the fair value, the dissenting Shareholder may apply to the Court to determine the fair value of the ValOro shares, and ValOro must pay the Shareholder the fair value determined by the Court.

Creditor Impact

16. The Arrangement does not in any way represent a compromise, arrangement or settlement between ValOro and its creditors. No creditor will be prejudiced by the adoption of the Arrangement.

United States Securities Laws

17. Section 3(a)(10) of the United States Securities Act of 1933, as amended (the "1933 Act"), provides an exemption from registration requirements of the 1933 Act for the issue of securities in exchange for other outstanding securities where the terms and conditions of the issue and the exchange are approved by a court of competent jurisdiction after a

hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to use such securities shall have the right to appear.

18. In order to ensure securities issued or made issuable to certain securityholders pursuant to the arrangement will be exempt from registration requirements of the 1933 Act pursuant to Section 3(a)(10) of the 1933 Act, it is necessary that:

(a) The arrangement is subject to the approval of the Court;

(b) The Court is advised of the intention of the parties to rely upon Section 3(a)(10) of the 1933 Act prior to the hearing at which the Final Order will be sought;

(c) All ValOro securityholders are given adequate notice advising them of their rights to attend the hearing of the Court to approve the Arrangement and provide them with sufficient information necessary to exercise that right;

(d) The Court is required to satisfy itself as to the fairness of the arrangement to the ValOro securityholders;

(e) The ValOro securityholders that will be issued securities, have been advised that such securities have not been registered under the 1933 Act and will be issued in reliance on Section 3(a)(10) of the 1933 Act and exceptions under application state securities laws; and

(f) The Final Order of the Court will expressly state that the Arrangement is approved by the Court as being fair to ValOro securityholders.

19. Since the completion of the Arrangement may involve issuance of securities to ValOro securityholders in the United States of America, the Petitioner hereby gives notice to the Court of its intention to rely on Section 3(a)(10) of the 1933 Act in completing the Arrangement.

20. The Petitioner, will advise the ValOro securityholders to whom securities will be issued or made issuable under the Arrangement that such securities shall be received in reliance on

the Section 3(a)(10) exemption from the registration requirements of the 1933 Act, based on the Court's approval of the fairness of the Arrangement.

21. Therefore, should this Honourable Court make the final order approving the Arrangement, the issuance of securities of Defiance will be exempt from registration under the 1933 Act.

22. Obtaining an exemption from the registration requirements of the 1933 Act eliminates substantial costs and delay that would be associated with the registration of the securities be issued pursuant to the Arrangement under the 1933 Act.

Part 3: LEGAL BASIS

1. Pursuant to Sections 288 – 291 of the BCBCA, the Arrangement requires the approval of the Honourable Court to proceed.

2. Section 291 of the BCBCA contemplates plan of arrangement approval under the BCBCA as a three-step process:

   a) The first step is an application for an interim order for directors for calling a Shareholders' meeting to consider and vote on the arrangement. The first application proceeds *ex parte* because of the administrative burden of serving all securityholders;

   b) The second step is a meeting of the Shareholders, where the arrangement is voted upon, and must be approved by a special resolution; and

   c) The third step is the application for final Court approval of the arrangement.

3. The final Court approval should be granted as:

   a) The statutory provisions have been complied with as amended by the terms of the Arrangement and the Interim Order;

   b) The vote of the ValOro Shareholders is *bona fide*;

   c) The Arrangement is fair and reasonable;

d) The approval of the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements under the 1933 Act pursuant to Section 2(a)(10) thereof.

4. The Petitioner also relies upon *Supreme Court Civil Rules*, Rules 1-2, 2-1(2)(b), 8-1 and 16-1; and the inherent jurisdiction of this Honourable Court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Dunham Craig, sworn November 19, 2018; and

2. Such further and other documentation as counsel for the Petitioner may advise and this Honourable Court may allow.

The petitioner estimates that the hearing of the petition will take 5 minutes.

Date: November 19, 2018

Signature of lawyer for petitioner
Maryna M. O'Neill

To be completed by the court only:

Order made

[ ] in the terms requested in paragraphs _____ of Part 1 of this petition

[ ] with the following variations and additional terms:

_____

_____

_____

Date: _____

_____
Signature of [ ] Judge [ ] Master

SCHEDULE "A"

No. _____
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

VALORO RESOURCES INC.

PETITIONER

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG
VALORO RESOURCES INC.,
ITS SHAREHOLDERS, AND
DEFIANCE SILVER CORP.

ORDER MADE AFTER APPLICATION
INTERIM ORDER

BEFORE	THE HONOURABLE	21/NOV/2018

UPON THE WITHOUT NOTICE APPLICATION of the Petitioner, VALORO RESOURCES INC. ("ValOro"), coming for a hearing at Vancouver, British Columbia, on this date, for an Order under Section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, chapter 57 and amendments thereto (the "BCBCA") in connection with the proposed arrangement under Section 288 of the BCBCA (the "Arrangement") involving ValOro, the ValOro Shareholders (as defined below), and Defiance Silver Corp.

AND UPON hearing Maryna M. O'Neill, lawyer for the Petitioner and upon reading Affidavit # 1 of Dunham Craig, sworn November 19, 2018;

AND UPON being advised it is the Petitioner's intention to rely upon Section 3(a)(10) of the

United States Securities Act as basis for an exemption from the registration requirements of the 1933 Act with respect to securities of Defiance Silver Corp. to be issued pursuant to the Arrangement, based on the Court's approval of the Arrangement.

THIS COURT ORDERS THAT:

THE MEETING

1. The Petitioner, ValOro, is authorized and directed to call, hold and conduct a special meeting (the "Meeting") of the holders of record of common shares ("Common Shares") of ValOro (the "Shareholders"), the holders of record of common share purchase warrants ("Warrants") of ValOro (the "Warrantholders") and the holders of record of common share purchase options ("Options") of ValOro (the "Optionholders") to be held at Suite 704 – 595 Howe Street, Vancouver, British Columbia on December 17, 2018 at 10:00 a.m. (Pacific Standard Time) or at such other time and location in Vancouver, British Columbia to be determined by ValOro provided that the Shareholders, Warrantholders and Optionholders have due notice of same.

2. At the Meeting, the Shareholders, Warrantholders and Optionholders will, *inter alia*, consider, and if deemed advisable, approve one or more special resolutions as attached at Schedule A (the "Arrangement Resolution") adopting, with or without amendment, the arrangement (the "Arrangement") involving ValOro, the Shareholders, Warrantholders and Optionholders, and Defiance Silver Corp. ("Defiance") as set forth in the plan of arrangement (the "Plan of Arrangement"), a copy of which is attached as Exhibit "A" to the Affidavit #1 of Dunham Craig sworn on November 19, 2018 and filed herein, and as Schedule "B" to the Information Circular (the "Information Circular"), which is attached as Exhibit "B" to the Affidavit #1 of Dunham Craig.

3. At the Meeting, ValOro may also transact such further and other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Meeting.

4. The Meeting will be called, held and conducted in accordance with the Notice of Special Meeting of Shareholders, Warrantholders and Optionholders (the "Notice") to be

delivered in substantially the form attached to and forming part of the Information Circular, and in accordance with the applicable provisions of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "BCA"), applicable securities laws, the terms of this Interim Order (the "Interim Order") and any further Order of this Court, the rulings and directions of the chairman of the Meeting, and, in accordance with the terms, restriction and conditions of the articles of ValOro, including quorum requirements and all other matters. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any of the foregoing, this Interim Order will govern.

RECORD DATE FOR NOTICE

5. The record date for determining the Shareholders, Warrantholders and Optionholders entitled to receive the Notice, the Information Circular with the proposed Interim Order and petition to the court attached, and a form of proxy or voting instruction form (together, the "Meeting Materials") is the close of business on November 16, 2018 (the "Record Date") as previously published by the Petitioner, or such other date as the directors of ValOro may determine in accordance with the articles of ValOro and the BCA and disclosed in the Meeting Materials.

NOTICE OF MEETING

6. The Meeting Materials, with such amendments or additional documents as counsel for ValOro may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, will be sent at least 21 clear days before the date of the Meeting, excluding the date of mailing or delivery, to the Shareholders, Warrantholders and Optionholders who are registered Shareholders, Warrantholders or Optionholders on the Record Date and to beneficial Shareholders as of the Record Date, where applicable, by providing in accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees.

7. The Meeting Materials will be sent by prepaid ordinary mail addressed to each registered Shareholder, Warrantholder and Optionholders at his, her or its address appearing in the records of ValOro, or by delivery of same by personal delivery or courier service, or by electronic transmission to any such Shareholder, Warrantholder or Optionholder who identifies himself, herself or itself to the satisfaction of ValOro and who requests or accepts such electronic transmission.

8. The Meeting Materials will be also sent by prepaid ordinary mail addressed to each ValOro director and to ValOro's auditor at his, her or its address as it appears on the records of ValOro or by delivery of same by personal delivery or courier service, or by electronic transmission to any such director or auditor who identifies himself, herself or itself to the satisfaction of ValOro and who requests or accepts such electronic transmission.

9. Substantial compliance with paragraphs 6 to 8 will constitute good and sufficient notice of the Meeting and delivery of the Meeting Materials.

10. The accidental failure or omission by ValOro to give notice of the Meeting or non-receipt of such notice shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or taken at the Meeting provided that quorum requirements are met.

11. The Meeting Materials are hereby deemed to represent sufficient and adequate disclosure including for the purposes of section 290 of the BCA, and ValOro shall not be required to send to the Shareholders, Warrantholders and Optionholders any other or additional information pursuant to section 290 of the BCA or otherwise.

DEEMED RECEIPT OF MEETING MATERIALS

12. The Meeting Materials and any amendments, modifications, updates or supplements thereto will be deemed, for the purposes of this Interim Order, to have been received:

    (a) in the case of mailing, at the time specified at section 6 of the BCA;

    (b) in the case of personal delivery, at the time of delivery;

(c) in the case of courier delivery, two days after acceptance by the courier service;

(d) in the case of a beneficial Shareholder, two days after delivery thereof to intermediaries or registered nominees and

(e) in the case of delivery by electronic transmission directly, the business day after such delivery or transmission of same.

13. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the meeting, to the Shareholders, Warrantholders and Optionholders by press release, news release, or newspaper advertisement, in which case such notice will be deemed to have been received at the time of publication, or by notice sent by any of the means set forth in paragraph 12, as determined to be the most appropriate method of communication by the Petitioner.

PERMITTED ATTENDEES

14. The persons entitled to attend the Meeting will be the registered Shareholders, Warrantholders and Optionholders, the officers and directors of, and advisors to, ValOro, the officers and directors of, and advisors to, Defiance and such other persons who receive the consent of the Chairman of the Meeting.

VOTING AT THE MEETING

15. The only persons permitted to vote at the Meeting will be registered Shareholders, Warrantholders and Optionholders appearing on the records of ValOro as of the close of business on the Record Date and their valid proxy holders as described in the Information Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to ValOro.

16. The required level of approval for the Arrangement Resolution will be not less than two-thirds of the votes cast on the Arrangement Resolution by Shareholders, Warrantholders and Optionholders present in person or represented by proxy at the Meeting, and voting as one class. Each Shareholder, Warrantholder and Optionholder will be entitled to one

vote in respect of the Arrangement Resolution for each Common Share, Warrant or Option owned of record as of the Record Date.

17. In all other respects, the terms, restrictions and conditions of the articles of ValOro, including quorum requirements and other matters, will apply in respect of the Meeting.

ADJOURNMENT OF MEETING

18. If ValOro deems advisable, and notwithstanding the provisions of the BCA or the articles of ValOro, ValOro is specifically authorized to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders, Warrantholders and Optionholders respecting the adjournment or postponement and without the need for approval of the Court, provided that the Shareholders, Warrantholders and Optionholders have due notice given by means set out in paragraph 13 above prior to the time called for the start of the Meeting.

19. The Record Date for Shareholders, Warrantholders and Optionholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

AMENDMENTS

20. ValOro is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents under the Arrangement Agreement or otherwise, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meeting and which will thereby become the subject of the Arrangement Resolution.

SCRUTINEER

21. A representative of Computershare Trust Company of Canada, or such other person as may be designated by ValOro, will be authorized to act as scrutineer for the Meeting (the "Scrutineer").

PROXY SOLICITATION

22. ValOro is authorized to permit the Shareholders, Warrantholders and Optionholders to vote by proxy using a form or forms of proxy that comply with the articles of ValOro and the provisions of the BCA relating to the form and content of proxies, and ValOro may in its discretion waive generally the time limits for deposit of proxies by the Shareholders, Warrantholders and Optionholders if ValOro deems it reasonable to do so.

23. The procedures for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

DISSENT RIGHTS

24. Registered Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in Part 8 – Division 2 of the BCA, as modified by the terms of this Interim Order and the Plan of Arrangement, provided that the written notice (the "Dissent Notice") setting forth the objection of such registered Shareholder to the Arrangement and exercise of Dissent Rights must be received by ValOro not later than 5:00 p.m. (Vancouver time) on December 12, 2018, or two business days immediately preceding any date to which the Meeting may be postponed or adjourned at the following address: Northwest Law Group, Suite 704, 595 Howe Street, Vancouver BC, V6C 2T5, Attention: Michael Provenzano, Facsimile: 1-866-687-5792.

25. Notice to the Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the BCA and the Plan of Arrangement, the fair value of their Common Shares, shall be given by including information with respect to this right in the Information Circular to be sent to Shareholders in accordance with this Order.

26. Neither ValOro nor Defiance, nor any other person, will be required to recognize a Shareholder as a registered or beneficial shareholder of Common Shares at or after the time the Arrangement becomes effective, and at that effective time, the names of such

registered Shareholders who have validly dissented will be deleted from the central securities register of ValOro.

DELIVERY OF COURT MATERIALS

27. ValOro will include in the Meeting Materials a copy of the Interim Order and the petition to the court for final order (the "Court Materials") and will make available to any Shareholders, Warrantholders or Optionholders requesting same, a copy of each of the Application herein and the accompanying Affidavit #1 of Dunham Craig.

28. Delivery of the Court Materials with the Meeting Materials in accordance with this Interim Order will constitute good and sufficient service or delivery of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service or delivery need be made and no other material need to be served on or delivered to such persons in respect of these proceedings.

FINAL APPROVAL HEARING

29. Upon the approval of the Shareholders, Warrantholders and Optionholders of the Plan of Arrangement in the manner set forth in this Interim Order, ValOro may apply for an order of this Court (i) approving the Plan of Arrangement pursuant to section 291(4)(a) of the BCA and (ii) determining that the Arrangement is fair and reasonable to the Shareholders, Warrantholders and Optionholders pursuant to section 291(4)(c) of the BCA (collectively, the "Final Order") at **9:45 a.m. on December 19, 2018** or such later date as counsel for ValOro may determine or be heard.

30. Any Shareholder, Warrantholder or Optionholder, the Petitioner, Defiance or any other person has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order provided that such person or entity shall file a Response, in the form prescribed by the British Columbia *Supreme Court Civil Rules*, with this Court and deliver a copy of the filed Response together with a copy of all materials on which such person or entity intends to rely at the application for the Final Order, including an outline of such person's or entity's proposed submissions to the

solicitors for the Petitioner at Northwest Law Group, Suite 704, 595 Howe Street, Vancouver BC, V6C 2T5, Attention: Michael Provenzano or Maryna M. O'Neill, Facsimile: 1-866-687-5792, at or before 4:00 p.m. on December 18, 2018.

31. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

32. The Petitioner shall not be required to comply with Rules 8-1 and 16-1 of the *Supreme Court Civil Rules* in relation to the hearing for the Final Order approving the Plan of Arrangement, and any materials to be filed by ValOro in support of the application for the Final Order may be filed up to two business days prior to the hearing of the application for the Final Order without further order of this Court.

VARIANCE

33. ValOro is at liberty to apply to this Honourable Court to vary this Interim Order or for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

_____

Signature of lawyer for the Petitioner
Maryna M. O'Neill

By the Court

_____

Registrar

SCHEDULE A

THE ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "Arrangement") under section 288 of the *Business Corporations Act* (British Columbia) (the "BCBCA") involving Defiance Silver Corp. ("Defiance") and ValOro Resources Inc. ("VRO"), all as more particularly described and set forth in the Management Information Circular (the "Circular") of VRO dated November 21, 2018 accompanying the notice of this meeting (as the Arrangement may be modified, supplemented or amended), is hereby authorized, approved and adopted.

2. The plan of arrangement, as it may be or has been amended (the "Plan of Arrangement"), involving Defiance and VRO, implementing the Arrangement, the full text of which is set out in Schedule A to the Circular (as the Plan of Arrangement may be, or may have been, modified, supplemented or amended), is hereby approved and adopted.

3. The arrangement agreement (the "Arrangement Agreement") dated November 5, 2018 between Defiance and VRO, the actions of the directors of VRO in approving the Arrangement, and the actions of the officers of VRO in executing and delivering the Arrangement Agreement and any amendments thereto, are hereby ratified and approved.

4. VRO is authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement thereby adopted pursuant to the BCBCA) by the shareholders of VRO or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of VRO are hereby authorized and empowered, without further notice to, or approval of, the shareholders of VRO:

   (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or

   (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

6. Any director or officer of VRO is hereby authorized and directed for and on behalf of VRO to execute, whether under corporate seal of VRO or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Arrangement.

7. Any director or officer of VRO is hereby authorized, for and on behalf and in the name of VRO, to execute and deliver, whether under corporate seal of VRO or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

   (a) all actions required to be taken by or on behalf of VRO, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

   (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by VRO,

   such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE F

NOTICE OF HEARING FOR FINAL ORDER

No. 51812416
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

VALORO RESOURCES INC.

PETITIONER

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE
BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG
VALORO RESOURCES INC.,
ITS SHAREHOLDERS, AND
DEFIANCE SILVER CORP.

NOTICE OF HEARING OF PETITION

TAKE NOTICE that the Petition of VALORO RESOURCES INC. ("ValOro"), dated November 19, 2018, for approval of a plan of arrangement (the "Arrangement"), pursuant to the *Business Corporations Act*, S.B.C. 2002, c.57, as amended (the "BCBCA"), and for a determination that the terms and conditions of the Arrangement, and the exchange of securities contemplated therein, are fair and reasonable to the shareholders of ValOro, and that it be binding upon the Petitioner and its shareholders upon taking effect, will be heard at the Courthouse at the Law Courts, 800 Smithe Street, Vancouver, British Columbia, on December 21, 2018 at 9:45 a.m. or so soon thereafter as counsel may be heard (the "Final Order").

AND NOTICE IS FURTHER GIVEN that by an Order Made After Application of the Supreme Court of British Columbia, pronounced November 22, 2018, the Court has given directions as to the calling of a special meeting of the shareholders of ValOro for the purpose of considering and voting upon the Arrangement and approving the Arrangement;

IF YOU WISH TO BE HEARD, any ValOro shareholder desiring to support or oppose the application has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order, subject to filing a Response to Petition and delivering a copy of the filed Response to Petition together with a copy of any additional

affidavits and other materials on which the person intends to rely at the hearing for the Final Order, to the solicitors for the Petitioner at:

NORTHWEST LAW GROUP
Suite 704 – 595 Howe Street
Vancouver, B.C. V6C 2T5

Attention: Maryna M. O'Neill

ANY OTHER INTERESTED PARTY WHO WISHES TO BE HEARD, to support or oppose the application has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order, subject to filing a Response to Petition and delivering a copy of the filed Response to Petition together with a copy of any additional affidavits and other materials on which the person intends to rely at the hearing for the Final Order, to the solicitors for the Petitioner at:

NORTHWEST LAW GROUP
Suite 704 – 595 Howe Street
Vancouver, B.C. V6C 2T5

Attention: Maryna M. O'Neill

IF YOU WITH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering a Response to Petition as aforesaid.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE TO PETITION and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the shareholders of the Petitioner.

1. **Date of Hearing**

[X] The Petition is unopposed, by consent or without notice.

2. **Duration of Hearing**

[X] The time estimate of the Petitioner is 15 minutes.

3. **Jurisdiction**

[X] The matter is not within the jurisdiction of a master.

Date: December 19, 2018

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Signature of Lawyer for the Petitioner
Maryna M. O'Neill