

CEO CFO

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With Significant Assets in Zacatecas, Mexico in a Historic Silver-Producing District, and an Option to Buy Both Nearby Plant and Mill, Defiance Silver Corp. is in the Best Niche Possible, having Hard Assets and the Ability to be a Producer in a Short Timeframe



DEFIANCE

SILVER CORP

Resources
Silver Development and Exploration
(DEF-TSXV)



W.D. Bruce Winfield
President, CEO and Director

BIO:

Mr. Bruce Winfield, M.Sc., P.Geo, has over 35 years of experience in the mining industry. Following 14 years with major mining companies Texasgulf Inc. and Boliden Inc., he focused on exploration in Central America as VP Exploration for

Greenstone Resources and Eldorado Gold Corp. leading to the exploration and development of five gold deposits. Subsequently as President and CEO, Mr. Winfield has led companies exploring primarily in South America for the last 14 years.

Company Profile:

Defiance Silver Corp. is a near term silver producer engaged in the acquisition, exploration and development of advanced silver projects in Mexico.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Winfield, would you give us an overview on Defiance Silver?

Mr. Winfield: What we have acquired, in a nutshell, are some very significant assets in Zacatecas, Mexico. It is a historic silver-producing district. We have an option on both a plant and a mill located only three kilometers away from each other. We have a historical resource. Our plan is to refurbish the mill, combine it with the historical resource in one of the former major mines in Zacatecas and be in production within 15 months after the completion of financing. It is a very difficult market but fortunately we are in the best niche possible, having significant hard assets, and the ability to be a producer in a short timeframe.

CEOCFO: How did you come upon the project?

Mr. Winfield: The idea was conceived initially through a company called IMPACT Silver, from whom we are acquiring the mill. The mill was a

non performing asset for them, so we agreed that. Defiance Capital Corp., a former CPC would acquire the mill and minor concessions and change the name to Defiance Silver Corp. Subsequently I was also able to execute a deal in October of last year to acquire a significant mining property, which has the historical resource that completed the package. It was an idea conceived to take under-utilized assets and make them into a significant silver producer.

CEOCFO: What is the security situation like in Mexico?

Mr. Winfield: With Zacatecas, we are very lucky in that it is an agricultural area. It is well developed, not rural, and we are not near the US border. Most of the violence in Mexico is in areas associated with the drug cartels and drug trade. Fortunately, we are in an area which that is not affected much by that. There is always a security risk anywhere in the world. People's perception in some areas of Mexico may be true, which is that security can be more difficult. However, we are fortunate to be in an area where those aspects are minimized.

CEOCFO: Would you walk us through the time table? You mentioned you anticipate to be producing in about 15 months?

Mr. Winfield: What our scheduling is centered around is the two year option that we have to purchase the mill and the one-year option to purchase the mine. We have already made the initial payments on both of those purchases and as soon as we complete our financing, we will be in a position to start refurbishing the mill. That is anticipated to take 15 months at a

capital cost of approximately \$1.1 million. At that point, we will be able to process dump material, which we have on some of the concessions through the mill for a period of about a year. During all of that period of time, refurbishing the mill and processing the dumps, we will have a period of approximately two years in order to develop the previously functioning mine which historically has produced 80 to 100 million ounces of silver. We will bring it back into production to feed the mill once the supply of dump material is exhausted.

CEOCFO: What is the geology like, and why did you decide this was the right place to be?

Mr. Winfield: Zacatecas is a historic mining district. In the town of Zacatecas, there are three major vein structures. We are located on the northern vein structure, which has produced an aggregate of approximately 200 million ounces of silver. Our portion of that vein structure, which is approximately half of it, has produced 80 to 100 million ounces. These are very large epithermal veins. The Veta Grande, which is the vein structure we are acquiring half of, goes for over 8 kilometers in length and it is up to 20 meters in width. These are world class vein structures. That is often a trite phrase, but in this case it is true as these epithermal vein systems have been enormously productive in the past with over 500 years of intermittent production and lots of upside in the future.

CEOCFO: Would you tell us about the Defiance Silver team and their experience to bring the mine into production?

Mr. Winfield: I have worked in Latin America for the last 25 years, so I have extensive experience in that region. I participated in the development of five mines during that period of time. I am a professional geologist by training, with over 35 years of experience. We are also fortunate to have Rick Tschauder, who is our VP of exploration. He has over 30 years

professional experience; 14 of those with Hecla and extensive experience in Mexico. He is imminently qualified as our silver expert. Apart from that, we have two individuals from IMPACT Silver from which we are acquiring the mill and some concessions. George Gorzynski, who is IMPACT's vice president of exploration is one of our directors. Fred Davidson, IMPACT'S President and CEO is also on our advisory committee. The path we are following is to acquire old mining and milling assets in Mexico in an established silver district, refurbish them, bring them back into production and become a modern producer. This is the path that IMPACT Silver has already done very successfully, as have a number of other companies like Capstone with their Cozamine Mine in the Zacatecas silver district and others such as Great Panther Silver and Endeavour Silver. What we want to be is the next company to

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do that. We want to have people like George and Fred, who have been there and done that as a resource, as their experience will be a great help. We round out our team with a very experienced CFO and two other directors Darrell Rader and Chris Bunka. Darrell has been involved in the mining industry and previously worked for IMPACT Silver. He is currently the President and CEO of Minaurum Gold. Chris is an entrepreneur who is active in the United States in oil and gas. We bring a strong management team and a great deal of accumulated experience to the project. It is a team that has brought into production or participated in bringing it to production over 10 deposits, and this will be the 11th.

CEOCFO: Has the investment community started to pay attention?

Mr. Winfield: It is a tough time to be pitching a story, because people with

money are afraid to invest it and people who are already invested are afraid to sell their shares to raise money as this will lock in their losses. However, we have been presenting both in Canada and the United States, as well as in Europe. Universally, the project is liked and the management team is respected. Our challenge is to get them to get off the fence and actually invest in the company. We are currently doing a financing and it looks like there is some light at the end of the tunnel. We would hope to have at least part of that completed in the next four weeks.

CEOCFO: Why should potential investors take a look at Defiance Silver today?

Mr. Winfield: The rationale is that we are a company with an advanced project in that we have good assets already, we are in a past producing district, and we have de-risked our project and company in large part. We have a very attractive share structure with only 17.4 million shares outstanding. Apart from great assets and management, we also are following an established path to becoming a silver producer through acquiring assets such as these and bringing them back into production. We plan be the next IMPACT Silver, Great Panther Silver or Endeavour Silver.

Although it is difficult times, contrarians buy in difficult times and we are very undervalued at this point in the cycle. It is an opportunity for appreciation in Defiance Silver's share price and market capitalization. If you compare us with some of the already successful companies in our sector like Great Panther Silver and Endeavour Silver and IMPACT Silver, they are getting anywhere from \$2-\$16 per ounce of silver resource in market capitalization while we are getting less than \$0.50 an ounce of silver resource. Therefore, we can see an opportunity for significant appreciation in our share value and market capitalization as we progress to becoming a silver producer.