

DOLLY VARDEN SILVER CORPORATION
For the year ended December 31, 2017
Management's Discussion and Analysis

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited financial statements of Dolly Varden Silver Corporation (the “Company”) for the year ended December 31, 2017 and 2016. This MD&A contains forward-looking information and statements, which are based on the conclusions of management. The forward-looking information and statements are only made as of April 26, 2018, the effective date of this MD&A.

All financial information is presented in Canadian dollars unless otherwise stated. The Company is a reporting issuer in British Columbia. The Company’s common shares trade on the TSX Venture Exchange under the symbol “DV”. Financial results are reported in accordance with International Financial Reporting Standards (“IFRS”).

Additional information related to the Company is available on SEDAR at www.sedar.com.

Overview

The Company is a Canadian based mineral exploration company focused on the exploration of the Dolly Varden Silver Property located in northwestern British Columbia, Canada. The Company owns 100% interest in the Dolly Varden Silver Property, subject to 2% net smelter return (“NSR”) and has an option to acquire 100% interest in the Musketeer property, which is an internal claim group to the Dolly Varden Project. Subsequent to the year ended December 31, 2017 the Company completed their final option payment on the Musketeer Property. The company also owns 100% interest in the neighbouring Big Bulk porphyry copper-gold project.

The Company currently has no producing properties and consequently no operating income. The recovery of the amounts comprising exploration and evaluation assets are dependent upon (1) the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves, (2) the confirmation of economically recoverable reserves, (3) upon future profitable production or on selling the property. It is the intention of the Company to obtain financing through access to public equity markets, debt, and partnerships or joint ventures as sources of funding for its exploration expenditures and to meet ongoing working capital requirements.

Highlights and Significant Events

- On January 3, 2017, the Company appointed Ben Whiting, P. Geo., Vice President, Exploration and announced that Rory Kutluoglu was stepping down from that position.
- On February 28, 2017, the Company completed a private placement, raising gross proceeds of \$2 million through the sale of 1,369,863 common shares at a price of \$0.73 per share and 1,176,470 flow-through shares at a price of \$0.85 per share.
- On March 27, 2017, the Company announced a jointly financed ZTEM airborne geophysical survey over Big Bulk and Hecla’s Kinskuch project.

Highlights and Significant Events (cont'd)

- On May 29, 2017, the Company announced the commencement of the exploration program on Dolly Varden project.
- On June 22, 2017, the Company announced the results of the shareholders meeting and appointment of Alex Tsakumis as the new Vice President – Corporate Development.
- On July 26, 2017, the Company announced the results of the first four diamond drill holes in the Torbrit Deposit area of the Dolly Varden project, including 15 metres grading 244 g/t silver-equivalent.
- On August 9, 2017, the Company announced the results of the second batch of four drill holes in the Torbrit Deposit area of the Dolly Varden project including 12.55 metres grading 520 g/t silver-equivalent.
- On August 14, 2017, the Company announced the discovery of a new zone, 200 metres north of Torbrit, of 16.10 metres grading 293 g/t silver equivalent.
- On August 21, 2017, the Company announced the fourth batch of five drill holes in the Dolly Varden Deposit area of the Dolly Varden Project, including 13.22 metres grading 722 g/t silver-equivalent.
- On August 29, 2017, the Company announced the fifth batch of one drill hole, including another new discovery north of Torbrit, with the Moose-Lamb zone at 11.00 metres grading 514 g/t silver-equivalent and the Torbrit North at 22.74 metres grading 476 g/t silver-equivalent.
- On September 14, 2017 the Company closed a \$5.7 million financing through the sale of 3,739,726 common shares at a price of \$0.73 per share and 3,529,411 flow-through shares at a price of \$0.85 per share.
- On September 27, 2017, the Company announced the sixth batch of eleven drill holes in the Dolly Varden Central and Western sectors of the Dolly Varden project, including 5.75 metres grading 731 g/t silver equivalent.
- On November 27, 2017, the Company announced the seventh batch of thirteen drill holes in the Dolly Varden project, including 6.85 metres grading, 385 g/t silver-equivalent.
- On December 4, 2017, the Company announced the eighth and final batch for the season of six drill holes in the Dolly Varden project, including 5.00 metres grading 482 silver-equivalent. (1)

(1) Silver-Equivalent Ag-Eq = Ag + (Pb%*22.046*Pb price*31.103/Ag price) + (Zn%*22.046*Zn price*31.103/Ag price). Metal prices used for this formula: Ag = \$US 16.25/oz, Pb = \$US 1.00/lb, Zn = \$US 1.25/lb.

Mineral Properties

Dolly Varden Project ("DV Project")

The DV Project contains the core of the historic silver-rich Dolly Varden Mining Camp north of Alice Arm, within the regionally important and prolific Stewart Complex in northwestern British Columbia. The DV Project comprises an area of 8,800 hectares and includes the Dolly Varden and Big Bulk claims and an option to earn a 100% interest in the Musketeer property. Subsequent to the year ended December 31, 2017 the Company completed their final option payment on the Musketeer Property.

Dolly Varden Silver Properties

The DV Project encompasses several historic underground workings, including the Dolly Varden, North Star, Torbrit, and Wolf Mines, as well as several other showings and many mineralized prospects. The silver-rich deposits found on the DV Project are hosted in Jurassic-age volcanic and sedimentary rocks (Iskut River Formation) of the Hazelton Group. They display textural and mineralogical similarity to mineralization found in the region in subaqueous, gold-silver-rich, hot spring-type volcanogenic massive sulfide (VMS), and epithermal style deposits, such as the Eskay Creek and Brucejack deposits, respectively. The nearby Big Bulk claims host porphyry copper-gold style mineralization.

Since acquiring the DV Project in 2011, field work was dedicated to confirming and expanding the known mineralization near the historic deposits: Wolf, Dolly Varden, Torbrit, and North Star. The Company's work consisted of surface and underground mapping, underground rehabilitation, detailed sampling, data compilation from reliable historic records, and over 17,000 meters of core drilling. This data was used to complete a mineral resource estimate as outlined below.

The Company's 2014 and 2015 exploration programs conducted work on regional targets of the DV Project. The programs applied known mineralization signatures from the historic deposits northward on the DV Project toward more regional targets, where the Company's mapping and sampling shows continuation of favorable lithologies and prospective structural features coincident with geochemical anomalies, intense alteration and historic showings and workings. These exploration programs were comprised of continued surface work throughout the property, but extending outwards, particularly to the northeastern portions of the property, additional drilling in the resource areas and exploration drilling in favourable target areas.

The Company's 2016 exploration program focused on mapping and drilling the Ace-Galena and the Torbrit areas on the DV Project. Mapping and sampling of surface alteration occurrences and anomalies provided data for further prioritization and de-risking of exploratory targets. A total of 2,312 metres of drilling was completed in 2016; 746m in and around the Torbrit Deposit, 1,359 metres on the Ace-Galena Trend and 207m on the Chance Trend. Drilling at the Torbrit Deposit focused on completing recommendations for infill drilling made in the 2015 mineral resource estimate. The drilling on the Ace-Galena trend extended the known mineralized horizons an additional 300 meters northward along strike.

Musketeer Property

In 2013, the Company entered into an option agreement with Musketeer Developments Ltd. and certain other parties to obtain a 100% interest in the Musketeer Property by making option payments totalling \$1,050,000 due on various defined dates, subject to a 2% NSR. A payment was made in February 2016 of \$91,000, and a payment was made in February 2017 of \$102,334. The final payment due in February 2018 of \$100,000 was paid subsequent to the year ended December 31, 2017. These claims are internal contiguous claims within the DV Project area. This agreement marks the Company's full consolidation of all of the major developed silver prospects and past producing mines in the Upper Kitsault Valley. Limited historical work has been completed on the Musketeer property, with additional areas of interest including surface prospects at Kitsol, South Musketeer, and North Musketeer. Two diamond drill holes tested the North Musketeer showing during the 2014 program.

2017 Exploration Program

On February 16, 2017, the Company announced approval for a \$3.5 million exploration program on Dolly Varden, including approximately 5,000 metres of diamond drilling, geological mapping and geophysical sampling. An airborne ZTEM geophysical survey was also conducted over the Big Bulk Property.

Community relations activities have commenced, with the first formal meeting on May 1, 2017 with Nisga'a Lisims Government representatives.

The field activities commenced with the first equipment barge from Prince Rupert to Alice Arm set for May 24, 2017. Diamond drilling commenced on June 7, 2017.

By the end of July, the drilling program was on budget and ahead of schedule, thus additional metres were achieved. As of July 31, 2017, the total meterage was 6,774.5m. A decision was made to recommend to the Board of Directors that the drilling program be expanded for an additional \$3 million.

2017 Exploration Program (Cont'd)

The 2017 diamond drilling program exceeded expectations. In total, 45 drill holes were completed for a total of 15,728.50 metres. As well as validation and expansion drilling in the Torbrit Deposit and Dolly Varden Deposit areas, four new zones were discovered, including Torbrit-North, Torbrit-East, Moose-Lamb and Beginners-Luck. All of these zones merit additional testing.

Highlights by target areas of the 2017 drilling program include:

- Dolly Varden Deposit- 9.60 metres (8.90m true thickness) grading Ag 878.7 g/t, Pb 0.42% and Zn 1.19% in DV17-048.
- Torbrit Deposit - 12.55 metres (9.89m true thickness) grading Ag 514.3 g.t, Pb 0.09% and Zn 0.04% in DV 17-040.
- Torbrit-North -10.69 metres (10.05m true thickness) grading Ag 852.2 g.t, Pb 1.46% and Zn 0.30% in DV 17-078.
- Torbrit-East - 5.00 metres (3.83m true thickness) grading Ag 481.9 g/t, Pb 0.21% and Zn 0.12% in DV 17-078.
- Moose-Lamb - 11.00 metres (7.07m true thickness) grading Ag 394.2 g/t, Pb 2.27% and Zn 0.46% in DV 17-063.

Mineral Resource Estimate

A maiden National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI43-101") compliant mineral resource estimate was released on August 27, 2015. The mineral resource estimate was completed by Aaron Higgs, P.Geo. and Gary Giroux P. Eng, independent Qualified Persons, and covered the four known deposits on the DV Project. The Indicated resource estimate for the Dolly Varden, North Star, Torbrit, and Wolf deposit totals 31.8 million ounces of silver within 3.07 million tonnes of material with an average grade of 321.6 grams of silver per tonne ("g/t silver"). The Inferred mineral resource totals an additional 10.8 million ounces of silver at a grade of 373.3 g/t silver within 0.9 million tonnes of material. Readers should refer to the Company's continuous disclosure documents available at www.sedar.com for more detailed information regarding the mineral resource estimate, which is subject to the qualifications and notes set forth therein.

2018 Exploration Program

Planning for the 2018 field exploration program is underway. The proposed helicopter supported drill program will consist of two diamond drill rigs for 20,000 to 25,000 metres in 70 to 90 holes. The general concept of the drilling program will be to expand on the mineralization discovered in 2017 in and around the Torbrit area and infill gaps in the Mineral Resource model. One of the two drills will also be used for a period of time to complete property scale exploration testing in areas of alteration defined from previous years of work. Mapping and sampling will also continue in the Western area of the property and around the Torbrit area. Fieldwork is expected to recommence in May 2018.

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Qualified Person

The Dolly Varden Property exploration program is directed by Ben Whiting, P.Geo., Vice President, Exploration, who is a "qualified person" as defined by National Instrument 43-101 and who also prepared and approved the scientific and technical information contained in this MD&A.

Results of Operations

For the year ended December 31, 2017

The total loss for the year ended December 31, 2017 was \$6,270,465 as compared to \$4,967,952 in the prior year, primarily due to increased exploration and evaluation expenses in 2017 compared to 2016.

Total general and administration expenses for the current year amounted to \$6,911,054 (2016 - \$4,857,692).

Exploration and evaluation expenditures of \$4,964,563 (2016 - \$1,631,724). The increase in spending was a result of an expanded exploration program initiated in 2017.

Consulting fees were lower in the current year at \$73,310 (2016 - \$131,258). 2016 was higher than the current period primarily due to the cost of advisory services to the Board and Management regarding the Hecla takeover bid in 2016. Directors' fees were lower at \$82,703 (2016 - \$192,884). Directors' fees consist of cash payments of \$79,500 and the increase in fair value of remaining Deferred Share Units (DSU) of \$3,203. Prior period cash payments to directors was greater than the current period and offset by a decrease in the fair value fluctuations of the outstanding DSUs. Management fees were higher than the prior year at \$391,049 (2016 - \$16,000), due to the mix of employment contracts versus management contracts from time to time. Expenditures for marketing and communications of \$271,775 (2016 - \$214,656) were comparable to the prior year. Office costs were higher at \$238,841 (2016 - \$40,818), the increase was a result of contracting out the services in 2017 versus employees in 2016. Professional fees were \$79,398 (2016 - \$769,586). 2016 fees were higher than the prior period due principally to the extensive legal services incurred related to the successful defence of a hostile takeover bid. Rent and maintenance fees were \$55,968 (2016 - \$8,790) as the Company had temporarily taken up space at no cost within Hecla Canada's offices during a portion of 2016. Salaries and benefits were lower in 2017 at \$140,986 (2016 - \$428,924), due primarily to severance amounts accrued at the end of 2016 relating to management changes and the Company contracting out overhead services in 2017. Share-based compensation was lower in the current year at \$559,578 (2016 - \$1,393,157) due to the issuance of stock options in the period being smaller both in quantity and in fair value per stock option than 2016. Transfer agent and filing fees were comparable this year compared to the prior year and were \$25,342 (2016 - \$19,222). Travel and accommodation was higher in the current year at \$25,070 in the current year (2016 - \$7,560) due to increased attendance at trade shows and other events.

Finance charges were \$Nil in the current period (2016 - \$324,555). The prior period amount consisted of the fair value of the 2,500,000 warrants to the lenders of the Sprott/K2 loan, which was determined to be \$182,606, along with interest on the old Hecla/Gipson loan, interest on the new Sprott/K2 loan (which was paid off early but had guaranteed interest of six months) and other costs related to the Sprott/K2 loan. As the loan was paid off in 2016 the current period finance charges were \$Nil.

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Results of Operations (Cont'd)

For the year ended December 31, 2017 (Cont'd)

The Company sold a vehicle, a boat and a generator for cash and realized a net gain on the sales of \$29,355 in 2016 in addition to the trade of a vehicle and a small boat in exchange for storage of core and mining equipment until December 2017. There were no disposals of equipment in 2017.

During 2017 the Company recognized a recovery on the flow-through share premium of \$613,743 (2016 - \$171,429). The increase is as a result of increased spending on flow-through eligible expenditures.

Interest income was higher than the comparative period at \$36,479 (2016 - \$13,511) due to the higher average cash balance held in the current year. The Company recorded Part XII.6 tax during 2017 of \$9,633 (2016 - \$Nil). Part XII.6 tax is interest payable to the Canada Revenue Agency on the Company's flow-through expenditures renounced under the look-back rule in 2016 and unspent in 2017. The Company completed their 2016 flow-through expenditure obligation in fiscal 2017.

For the three months ended December 31, 2017

The total loss for the three months ended December 31, 2017 was \$909,030 as compared to \$2,200,836 for the prior comparative period (three months ended December 31, 2016).

Total general and administration for the current three-month period amounted to \$366,292 (2016 - \$2,050,226).

Exploration and evaluation expenditures were lower than the comparative period at \$542,738 (2016 - \$1,252,673), primarily because the exploration program started and finished later in the season in 2016 compared to 2017.

Consulting fees were \$36,535 in the current period (2016 - \$25,006). Directors' fees were \$24,254 (2016 - recovery of \$6,720). Directors' fees consist of cash paid as well as the change in fair value of Deferred Share Units due to the changing share price in the period. Management fees were higher in the current period at \$127,746 (2016 - \$16,000), due to the mix of management having employment contracts versus management contracts from the prior year compared to the current year. Expenditures for marketing and communications of \$92,393 (2016 - \$200,492) were lower this quarter compared to the prior quarter, as several marketing service contracts were initiated in the fourth quarter of 2016. Office costs of \$51,971 (2016 - \$12,691), this quarter were higher than the comparable period as a result of the Company contracting out services. Rent and maintenance fees were \$16,258 (2016 - \$6,720) The increase was a result of a change in office location. Salaries and benefits were lower than in 2017 at \$18,963 (2016 - \$265,785), due primarily to severance amounts accrued at the end of 2016 relating to management changes. Share-based compensation was lower at \$8,396 (2016 - \$372,180) due to the timing of the issuance and vesting of stock options as well as fair value. Travel and accommodation fell to \$2,499 in the current quarter (2016 - \$6,398).

During the fourth quarter of 2016 the Company sold a vehicle for cash and realized a gain of \$18,494. There were no disposals of equipment in the fourth quarter of 2017.

The Company recognized a recovery on the flow-through share premium of \$61,456 (2016 - \$171,429). This is as a result of timing of when flow through eligible expenditures were spent.

Lastly, interest income was \$10,484 (2016 - \$7,045). Interest income is higher as a result of the Company's average cash balance held during the period.

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Summary of Quarterly Results

The following table summarizes selected quarterly financial information derived from the Company's financial statements for each of the eight most recently completed fiscal quarters:

	December 31, 2017 \$	September 30, 2017 \$	June 30, 2017 \$	March 31, 2017 \$
Total assets	9,793,152	11,073,837	8,839,588	9,975,451
Exploration and evaluation assets	3,626,426	3,626,426	3,626,426	3,626,426
Equipment	59,692	64,822	68,183	71,544
Working capital/(deficiency)	5,656,288	6,518,576	4,766,065	5,827,610
Shareholders' equity	9,204,665	10,010,628	8,230,008	9,211,412
Interest income	10,484	11,929	3,022	11,044
Total loss and comprehensive loss	(846,723)	(3,436,841)	(1,519,053)	(467,848)
Basic loss per share	(0.02)	(0.09)	(0.04)	(0.01)
Fully diluted loss per share	(0.02)	(0.09)	(0.04)	(0.01)

	December 31, 2016 \$	September 30, 2016 \$	June 30, 2016 \$	March 31, 2016 \$
Total assets	8,775,087	7,738,249	4,035,559	4,045,373
Exploration and evaluation assets	3,524,092	3,524,092	3,524,092	3,524,092
Equipment	74,905	95,930	105,222	128,643
Working capital/(deficiency)	4,521,333	3,518,593	(2,252,503)	(2,018,655)
Shareholders' equity	7,933,552	7,229,615	1,467,811	1,725,080
Interest income	7,045	6,078	388	-
Total loss and comprehensive loss	(2,003,868)	(2,589,155)	(257,269)	(117,660)
Basic loss per share	(0.09)	(0.10)	(0.01)	(0.01)
Fully diluted loss per share	(0.09)	(0.10)	(0.01)	(0.01)

The 2016 variances in total loss and comprehensive loss quarter over quarter were mainly the result of the timing of the 2016 exploration program, which started in the third quarter of 2016 and ran through the majority of the fourth quarter. The timing of the exploration program resulted in a spike in exploration and evaluation expenditures in the third and fourth quarters of 2016 therefore resulting in an increased loss and comprehensive loss for the period. Exploration and evaluation expenditures for the three months ended in the first quarter of 2016 was \$41,437, the second was \$29,334, the third was \$308,280, and the fourth was \$1,252,673.

Other significant expenditures in 2016 driving the change in total loss quarter over quarter was for share-based compensation expense and professional fees. Share-based compensation expense in 2016 totaled \$1,393,157. Share based-compensation expense was recorded mainly in the third quarter of 2016 due to timing and amounts of options grants and was \$1,020,977 for the three months ended September 30, 2016. Professional fees were higher in 2016 over 2017 due to the legal services incurred due to the takeover bid, which totaled \$769,586 in 2016 and were recorded mainly in the third quarter of 2016. A total of \$668,029 in professional fees was recorded for the three months ended September 30, 2017.

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Summary of Quarterly Results (cont'd)

The 2017 exploration program started earlier in 2017 compared to the prior year. The 2017 exploration program began in the second quarter and was closed early in the fourth quarter. There was therefore a spike in expenditures while the exploration program was ongoing mainly in the second and third quarters of 2017, which contributed to the total loss and comprehensive loss. Exploration and evaluation expenditures for the three months ended in the first quarter of 2017 was \$101,456, the second was \$754,877, the third was \$3,565,492, and the fourth was \$542,738. The Company also recognized a recovery on flow-through premium in 2017 of \$613,743, recorded mainly in the three months ended September 30, 2017 of \$454,999. As this recovery is tied to when flow-through eligible expenditures are spent, the majority of the recovery coincided with when the majority of exploration expenditures were incurred.

Selected Annual Information

Year		2017	2016	2015
Net sales or total revenue	\$	Nil	\$ Nil	\$ Nil
Net Loss:				
(i) in total (000's)	\$	6,270	\$ 4,968	\$ 3,565
(ii) per share ⁽¹⁾	\$	0.16	\$ 0.21	\$ 0.20
Working Capital/(Deficiency) (000's)	\$	5,656	\$ 4,521	\$ (1,822)
Exploration and evaluation assets (000's)	\$	3,626	\$ 3,524	\$ 3,443
Total Assets (000's)	\$	9,793	\$ 8,775	\$ 3,972

(1) Per Share amounts are calculated using the weighted average number of shares outstanding.

Investing Activities

During the year ended December 31, 2017, the Company invested \$102,334 (2016 - \$91,000) in property acquisitions related to the option agreement on the Musketeer property. During the comparative year, the Company sold some surplus exploration equipment for cash proceeds of \$52,000.

Financing Activities

During the year ended December 31, 2017, the Company completed the following financings:

A private placement on February 28, 2017 raised gross proceeds of \$2,000,000 through the sale of 1,369,863 common shares at a price of \$0.73 per common share and 1,176,470 flow-through shares at a price of \$0.85 per common share. In connection with this private placement, the Company paid a finder's fee of \$120,000, equal to 6% of the gross proceeds in the offering and share issuance costs of \$17,895. The Company recorded a flow-through premium liability of \$141,177 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

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Financing Activities (cont'd)

A private placement on September 14, 2017 raised gross proceeds of \$5,729,999 through the sale of 3,739,726 common shares at a price of \$0.73 per share and 3,529,411 flow-through common shares at a price of \$0.85 per share. In connection with this private placement, the Company paid a finder's fee of \$299,388, equal to 6% of the gross proceeds in the offering and share issuance costs of \$37,881. The Company recorded a flow-through premium liability of \$423,529 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares. In connection with the September 14, 2017 private placement Hecla exercised its pre-emptive right under the Ancillary Rights Agreement dated September 4, 2012 between the Company and Hecla to maintain its ownership interest in the Company. Of the 3,739,726 common shares issued at a price of \$0.73 per share, Hecla subscribed to 1,000,000 common shares.

On September 29, 2017 Hecla exercised its pre-emptive right under the Ancillary Rights Agreement and subscribed for 79,539 common shares at \$0.55 per share for proceeds of \$43,746.

Transactions with Related Parties

The Company's related parties consist of directors and officers (being key management personnel), companies with directors and officers in common and/or companies owned in whole or in part by executive officers and/or directors of the Company. The Company incurred the following related party transactions:

Year Ended December 31,	2017	2016
Connie Norman, Former Corporate Secretary		
Management, consulting fees, salaries and benefits	\$ -	\$ 34,270
Share-based compensation	-	41,997
	<u>\$ -</u>	<u>\$ 76,267</u>
Tom Wharton, Director		
Directors' fees	\$ 15,000	\$ 48,510
Share-based compensation	-	188,984
	<u>\$ 15,000</u>	<u>\$ 237,494</u>
Donald Birak, Director		
Directors' fees	\$ 16,500	\$ 43,362
Share-based compensation	-	188,984
	<u>\$ 16,500</u>	<u>\$ 232,346</u>
Ron Nichols, Former VP Exploration		
Costs included in exploration and evaluation expenses	\$ -	\$ 6,063
Rosie Moore, Former President & CEO		
Directors' fees	\$ -	-
Management, consulting fees, salaries and benefits	-	\$ 337,500
Share-based compensation	-	377,968
	<u>\$ -</u>	<u>\$ 715,468</u>
Stephen Brohman, Former CFO		
Management, consulting fees, salaries and benefits	\$ 65,000	\$ -
Share-based compensation	61,250	-
	<u>\$ 126,250</u>	<u>\$ -</u>

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Transactions with Related Parties (Cont'd)

Alain Voisin, Former CFO		
Management, consulting, salaries and benefits	\$ -	\$ 17,756
Rory Kutluoglu, Former VP Exploration		
Management, consulting, salaries and benefits	\$ -	\$ 60,000
Share-based compensation	-	181,048
	<u>\$ -</u>	<u>\$ 241,048</u>
Darren Devine, Director		
Directors' fees	\$ 18,000	\$ 7,073
Share-based compensation	-	87,876
	<u>\$ 18,000</u>	<u>\$ 94,949</u>
James Sabala, Director		
Directors' fees	\$ 15,000	\$ 3,510
Share-based compensation	-	87,876
	<u>\$ 15,000</u>	<u>\$ 91,386</u>
Annette Cusworth, Director		
Directors' fees	\$ 15,000	\$ 3,510
Share-based compensation	-	87,876
	<u>\$ 15,000</u>	<u>\$ 91,936</u>
Susan Neale, former interim CFO		
Management, consulting fees, salaries and benefits	\$ -	\$ 7,000
Melissa Martensen, Corporate Secretary		
Share-based compensation	\$ 61,250	\$ -
Gary Cope, Director, President & CEO		
Management, consulting fees, salaries and benefits	\$ 280,000	\$ 20,000
Share-based compensation	73,500	117,168
	<u>\$ 353,500</u>	<u>\$ 137,168</u>
Belcarra Group (controlled by Gary Cope) *		
Administration Fees	\$ 314,395	\$ -
Exploration and evaluation expenses	46,500	-
	<u>\$ 360,895</u>	<u>\$ -</u>
Velia Ledezma (paid through a company controlled by Gary Cope)		
Exploration and evaluation expenses	\$ 49,000	\$ -
Share-based compensation	49,000	-
	<u>\$ 98,000</u>	<u>\$ -</u>

* Administration fees were paid to a management service company controlled by Gary Cope that provides office space, a corporate secretary, investor relations, accounting and administration staff to the Company on a shared cost basis.

At December 31, 2017, included in accounts payable and accrued liabilities is \$69,196 (2016 - \$493,174) owed to directors, officers, and former directors and/or officers of the Company. These amounts are unsecured, non-interest bearing and are due on demand.

At December 31, 2017, included in prepaid expenses is \$4,963 paid to an officer of the Company (2016 - \$40,000).

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Proposed Transactions

As of the date of this MD&A the Company does not have any material proposed transactions.

Liquidity and Capital Resources

The Company has no operations that generate cash flow. The Company's future financial success will depend on its ability to raise capital or on the discovery of one or more economic mineral deposits. Discovery may take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company and its management. To date, the Company has financed its activities by the issuance of equity securities, consisting of a combination of flow-through and non-flow securities and most recently by debt. In order to continue funding their exploration activities, corporate costs and repayment of debt, exploration companies are usually reliant on their ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the target commodities, a company's track record, and the experience and caliber of the company's management. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities.

Cash and Financial Condition

As at December 31, 2017, the Company had a working capital surplus of \$5,656,288.

Financial Instruments

The Company's financial instruments currently consist of cash, receivables, deposits, and accounts payable and accrued liabilities. The fair value of cash is based on Level 1 of the fair value hierarchy. The fair value of receivables, advances, deposits and accounts payable and accrued liabilities, loans and interest payable approximate their book values because of the short-term nature of these instruments. Moreover, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Risk Factors

The Company is subject to risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, continuing losses, dependence on key individuals, and the ability to secure adequate financing to meet minimum capital required to successfully complete its projects and continue as a going concern. These factors should be reviewed carefully.

The following risk factors, in addition to the risks noted above in the "Financial Instruments and Liquid and Capital Resources" sections, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

Risk Factors (cont'd)

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge of management and key employees and contractors of the Company may not eliminate. Few exploration and evaluation assets which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations, there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in the definition of a mineral resource. The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing silver and other exploration and evaluation assets is affected by many factors, including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of the Company's exploration and evaluation assets may have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's exploration and evaluation assets are located, which are subject to poor climate conditions. The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its exploration and evaluation assets and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Risk Factors (cont'd)

Substantial Capital Requirements

Management of the Company anticipates that it may make substantial future capital expenditures for the acquisition, exploration, development and production of its exploration and evaluation assets. As the Company will be at the exploration stage with no revenue being generated from the exploration activities on its exploration and evaluation assets, the Company may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in its exploration and evaluation assets, miss certain acquisition opportunities and reduce or terminate its operations.

Competition

The mining industry is highly competitive. Many of the Company's competitors for the acquisition, exploration, production and development of exploration and evaluation assets, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than the Company.

Volatility of Mineral Prices

The market price of any mineral is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company.

Mineral Reserves / Mineral Resources

The Company's exploration and evaluation assets are considered to be in the early exploration stage only and do not contain a known body of commercial minerals. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral reserve estimates for exploration and evaluation assets that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Risk Factors (cont'd)

Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at any future producing exploration and evaluation assets or require abandonment or delays in the development of new mining properties.

Risk Factors (cont'd)

Reliance on Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

Conflicts of Interest

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date hereof, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company except as otherwise disclosed in this MD&A.

Dividends

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions.

Substantial number of authorized but unissued shares

The Company has an unlimited number of common shares which may be issued by the Board without further action or approval of the Company's shareholders, except in limited circumstances. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

Permits and Licenses

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company.

Further, the mining licenses and permits issued in respect of its mineral property may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in its exploration and evaluation assets may decline.

DOLLY VARDEN SILVER CORPORATION
For the year ended December 31, 2017
Management's Discussion and Analysis

Risk Factors (cont'd)

Title Risks

The acquisition of title to exploration and evaluation assets or interests therein is a very detailed and time-consuming process. The exploration and evaluation assets may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Limited Operating History

The Company was incorporated on March 4, 2011 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. Even if the Company does undertake exploration activity on its exploration and evaluation assets, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsured Risks

The Company, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Outstanding Share Data

The Company has unlimited authorized common shares and the issued and outstanding share capital at the date of this MD&A is:

	Common shares issued and outstanding	Warrants	Options
Balance at December 31, 2016	34,464,759	5,892,550	2,955,000
Balance at December 31, 2017	45,009,768	5,267,550	3,430,000
Balance at April 26, 2018	46,249,768	4,302,550	4,345,000

Management's Responsibility for the Financial Statements

The information included in the annual financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS requires management to make estimates and their assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the annual financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

Critical Accounting Estimates:

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities include, but are not limited to, the following:

i) Share-based compensation

The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

ii) Estimating useful life of equipment

Depreciation of equipment is charged to write down the value of those assets to their residual value over their respective estimated useful lives. Management is required to assess the useful economic lives and residual values of the assets such that depreciation is charged on a systematic basis to the current carrying amount. The useful lives are estimated having regard to such factors as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

iii) Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

iv) Accrual of BC Mineral Exploration Tax Credit ("BC METC")

The provincial government of BC provides for a refundable tax on net qualified mining exploration expenditures incurred in BC. The credit is calculated as 20% of qualified mining exploration expenses less the amount of any assistance received or receivable. Management has estimated and accrued the likely refundable amount arising from expenses incurred in the current year. The determination of the expenditures which would qualify as mining exploration expenses was based on the previous years' tax filings and subsequent reviews by government auditors.

Changes in Accounting Standards, Amendments and Interpretations Issued but Not Yet Effective:

The following new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement

This standard applies to classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 will replace IAS 39. The effective date of IFRS 9 is January 1, 2018.

The Company expects that this new IFRS standard will have an insignificant effect on its financial statements other than increased note disclosure.

IFRS 16- Leases

On January 13, 2016 the IASB issued IFRS 16 – Leases the new leases standard. The standard is effective for periods beginning on or after January 1, 2019.

The Company is in the process of assessing the impact that this new IFRS standard will have on its financial statements.

Forward Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.