DOLLY VARDEN SILVER CORPORATION
For the three months ended March 31, 2013 and 2012
Management's Discussion and Analysis

Description of Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 31, 2013 and the audited financial statements of Dolly Varden Silver Corporation (the "Company") for the year ended December 31, 2012. 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 May 29, 2013, 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 Corporation is available on SEDAR at www.sedar.com.

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 to 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.

Company Overview

The Company is a Canadian-based resource exploration company in the business of acquiring, exploring, and developing exploration and evaluation assets. 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 the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production. 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.

The Company owns 100% interest in multiple mineral titles and claims in the Northern Kitsault region of British Columbia (the "Dolly Varden Property") and certain contiguous mineral tenures located on the north side of Iskut River ("Iskut Property"). During the quarter ended March 31, 2013, the Company entered into an option agreement to acquire 100% interest in the Musketeer property located in northwestern British Columbia, Canada.

Description of Properties

The following are summaries of acquisition costs and exploration expenditures in exploration and evaluation assets for the three months period ended March 31, 2013:

	Balance as at December 31, 2012	Dolly Varden Property	Iskut Property	Musketeer Property	Balance as at March 31, 2013
Acquisition Costs					
Finders' fees	$ 62,500	$ -	$ -	$ -	$ 62,500
Legal fees	82,520	-	-	8,567	91,087
Property acquisition	2,546,801	-	-	350,000	2,896,801
Total acquisition costs	$ 2,691,821	$ -	$ -	$ 358,567	$ 3,050,388
Exploration Costs					
Assay	$ 117,340	$ 25	$ -	$ -	$ 117,365
Camp, food, supplies & misc.	688,418	861	-	-	689,279
Claim maintenance	73,608	9,250	-	-	82,858
Data and sampling analysis	218,695	16,040	-	-	234,735
Depreciation	123,503	15,573	-	-	139,076
Drilling	815,229	-	-	-	815,229
Equipment, warehouse rental	451,845	22,472	-	-	474,317
Field labour and support	614,025	2,860	-	-	616,885
Field project and management	1,557,955	172,285	-	-	1,730,240
Fuel	271,364	-	-	-	271,364
Geological and geosciense consulting	1,026,536	81,533	-	-	1,108,069
Geotechnical studies	250,410	-	-	-	250,410
Mapping and modelling	370,635	93,487	-	-	464,122
Road and drill pad preparation	497,375	-	-	-	497,375
Site preparation	61,578	-	-	-	61,578
Survey and assessment	357,070	6,900	-	-	363,970
Transport, travel & accomodations	1,126,940	5,745	-	-	1,132,685
Total exploration costs	$ 8,622,526	$ 427,031	$ -	$ -	$ 9,049,557
Total Exploration and Evaluation Assets	$ 11,314,347	$ 427,031	$ -	$ 358,567	$ 12,099,945

Dolly Varden Property

During the period ended October 31, 2011, the Company purchased the Dolly Varden Property (the "Property"), consisting of fee simple titles, mineral claims and mineral tenures in respect of certain lands located in the Kitsault area of British Columbia. A finder's fee of $62,500 was paid through the issuance of shares to a shareholder of the Company. The property is subject to a 2% net smelter returns royalty ("NSR") of which one half (or 1% NSR) can be repurchased by the Company for $1,000,000.

A company in which a director holds an indirect 20% interest holds the 2% NSR and holds a License agreement for use of nearby property at a monthly cost of $2,500 through to June 30, 2014. Other directors no longer have any entitlement of interest in the company that holds the 2% NSR and License agreement.

The Company has entered into a Master Services Agreement (the "MSA") on September 1, 2012 with Cambria Geosciences Inc. (Paul McGuigan, VP Exploration) ("Cambria") for ongoing exploration. Under the MSA, Cambria provides a range of geological and geosciences services as well as project management. The MSA includes an additional 4% overall fee on costs related to the project. Upon signing the MSA, an additional fee of $185,000 was paid.

The Company has provided a $50,000 deposit for the reclamation bond for the property.

The main property comprises an area of greater than 9300 hectares and includes the Dolly Varden and Big Bulk claims located in or near to Kitsault Valley, northwestern British Columbia. The Company also owns the Twin Glacier claims located in the Iskut River area.

The Property contains the core of the historic silver-rich Dolly Varden Mining Camp north of Alice Arm, within the regionally important and prolific Stewart Complex. The Property encompasses several historic underground workings, including the Dolly Varden, North Star, Torbrit, and Wolf Mines, as well as several other developed showings and many mineralized prospects. The silver-rich deposits found on the Property are hosted in Jurassic-age volcanic rocks of the Hazelton Group. They display textural and mineralogical similarity to mineralization found in subaqueous, gold-silver-rich, hot spring-type volcanogenic massive sulfide (VMS) deposits such as the Hazelton Group hosted Eskay Creek deposit.

Hot spring-type VMS deposits typically contain a central core of VMS massive sulfides, flanked by more distal aprons of stratiform exhalative deposits and debris flow facies deposits. The central core is typically underlain by high sulphidation epithermal vein and stockwork mineralization.

Deposits of these exhalite and debris flow mineralization are exceptionally extensive on the Property and locally contain significant precious and base metal contents at multiple horizons. These stratiform deposits occur in at least two or more horizons on the Property.

1. **DVT EXHALITE HORIZON**: Calc-alkaline Betty Creek Volcanic rocks, lying near the base of Hazelton Group, contain the main horizons comprising the historic production at the Dolly Varden, North Star, and Torbrit mines (together the DVT horizon)
2. **SALMON RIVER CONTACT HORIZON**: Drilling in 1990 and 2011, plus several other datasets collected in 2011 and 2012 demonstrate that an upper mineralized and altered horizon is present on the property, represented by two large alteration zones on Red Point and Musketeer and by veins and a stratiform horizon at the Wolf mine. The horizon is located about 400 meters above the DVT stratiform horizon, at or near the contact with Salmon River Formation sediments and felsic volcanics. Supporting data include whole rock geochemistry which shows mostly Transitional affinities and greater abundance of felsic volcanic rocks.

Each of these two horizons contains volcanic-exhalative debris flow and breccia facies and syn-sedimentary fault structures that are highly prospective. In the case of the DVT Horizon, high grade silver mineralization is hosted in a zone of breccia and flanking stratiform lenses that plunges moderately to the NNW from the Torbrit Mine.

Results from the modeling of the 2012 Z-Axis Tipper Electromagnetic (ZTEM) geophysical survey, by Geotech, has been interpreted on a first pass basis and is proving vital to the interpretation of the distribution of the two prospective horizons. Interpretation is ongoing, but the results confirm the prospective DVT Horizon continues under the Musketeer property and is in reasonable conformity to the projected geology of the Red Point area. Ongoing interpretation work will rapidly build a technical base for 2013 exploration targeting.

The Company's geologists assess that the Property has excellent potential for the discovery of additional silver-rich mineralization proximal to the historic Dolly Varden, Northstar and Torbrit Mines that are located along a single, and an extensive stratabound mineralized horizon. Elsewhere, at higher levels of the stratigraphy, targets for additional silver and/or gold-silver-rich hot spring VMS-style mineralization are mapped at the Salmon River formation sediment-volcanic contact of the V-Vein, Red Point, and Surprise showings and in the hanging wall of the Wolf Mine.

Opportunity also exists for the discovery of base-metal rich VMS deposits at all levels of the Hazelton stratigraphy.

Work Accomplished to March 31, 2013.

Considerable work to advance the Property towards a 2013 proposal for a comprehensive field program was completed during the first Quarter of 2013 (December 31, 2012 to March 31, 2013) and includes the following elements that were commenced in the fourth Quarter and completed by the end of March, 2013:

1. Ongoing geological and geophysical compilation and 3D modelling of previous historical and Company work on the Property, which has led to the development of a unified target scenario that envisions following the Torbrit Exhalite unit from the Torbrit deposit, northward to and underneath the Red Point area. Ongoing planning for the 2013 field season will include target identification and detailed planning for an integrated field program consisting of drilling, mapping and sampling, underground work, and continuing environmental baseline studies.

2. Data compilation, final report writing and interpretation of the 2012 field results

3. Preparation of permitting for the start of the 2013 field season, and scoping of additional permitting that may be required later in 2013, and 2014. Studies, including a field visit, to assess the amount of engineering design and construction work required to allow year round road access to the underground workings at Torbrit and Wolf.

4. Focused interpretation of geologic mapping, lithogeochemical sampling and re-logging of historical core from 1989 and 1990 drill programs which were recovered during the 2012 program. This included collection of additional data by the utilization of portable short wave infrared (SWIR) and x-ray fluorescence (XRF) equipment to identify alteration mineral assemblages. A field visit was also made to the Terrace warehouse to collect a suite of the various rock types seen on the property. Program planning and budgeting for various levels of expenditure ($3 to $15 million), the final level of which remains contingent on the final amount that will be raised on completion of the financing campaign.

5. Integration of Musketeer data into the Dolly Varden data base in order to include the recently acquired ground as part of the 2013 exploration program.

The Musketeer Property

The Company has entered into an option agreement with Musketeer Developments Ltd and certain other parties to obtain a 100% interest in the Musketeer Property. 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. This acquisition will allow the Company to follow the extensions of the Torbrit mine northward onto the Musketeer ground. Please see Musketeer claim map below.

The Musketeer property is comprised of both fee simple and undersurface mineral interests.

The Company's 100% owned Dolly Varden silver property completely surrounds the Musketeer. Importantly, mineral tenures of the Company's historic silver deposits at Dolly Varden, Torbrit, North Star are contiguous with the southern boundary of the Musketeer, while the Wolf tenure adjoins the northern boundary of the Musketeer. Extensions of those deposits will be targeted on the Musketeer ground during the 2013 field season.

The Musketeer is underlain by Lower to Middle Jurassic Hazelton group volcanic and sedimentary rock units. Within the Hazelton group stratigraphy, historic drilling has shown that stratiform deposits of the combined Dolly Varden – North Star – Torbrit type plunge northward toward, and are in close proximity to the southern boundary of the Musketeer projected to be at moderate depths.

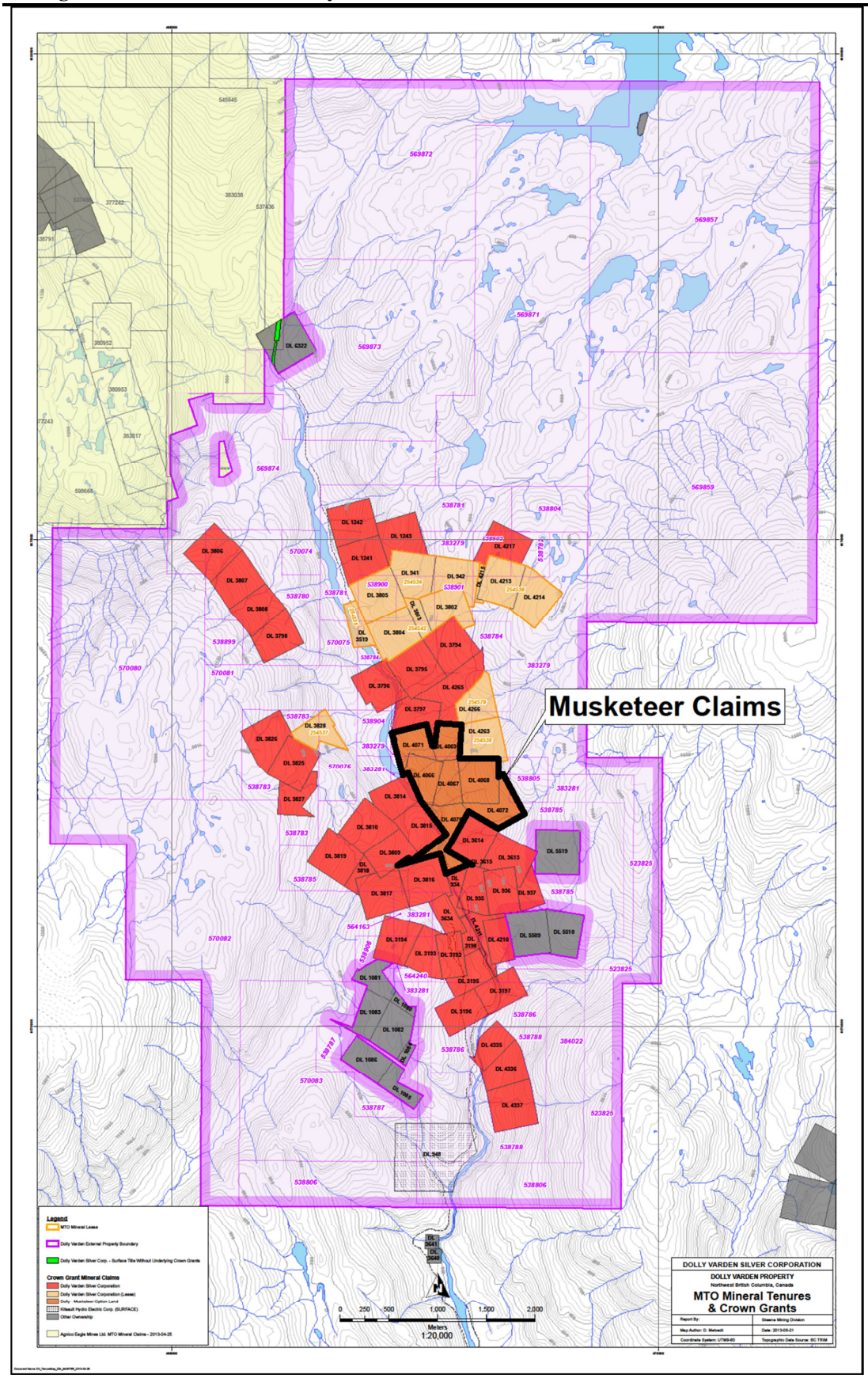
Limited historical work has been completed on the Musketeer, with additional areas of interest including surface prospects at Kitsol, South Musketeer, and North Musketeer. The Company intends to explore these surface prospects during our 2013 field program.

Iskut Property

On January 30, 2012 the Company, as part of the amalgamation with Twin, acquired 100% ownership of the Iskut Property located on the north side of the Iskut River in Northwestern BC. The Iskut Property consists of certain contiguous mineral tenures (2,182 hectares) that are underlain by Hazelton group volcanic rocks. During the third Quarter of 2012, the Company conducted geochemical interpretation and ASTER remote sensing studies. The work completed in 2012 included compiling and reviewing historic assessment reports and digitizing historic sample data. Gridding, kriging and custom colouring of the regional stream sediment (RGS) data using the software package Surfer v.10 (Golden Software) and interpretation of resulting lineaments in light of mapped lithologies and structures. Compilation and analysis of available regional ASTER and SWIR images to identify alteration suites and prospective zones on the Twin Glacier Property and surrounding areas. Work carried out in 2012, along with a review of existing data, suggests potential for mineral deposits at or in the vicinity of the Twin Glacier Property. Potential for the discovery of three different deposit types may exist. Further exploration for VMS potential should focus on the Triassic volcanics and sediments which appear in the north and central portion of the property. Exploration for intrusive-related gold mineralization should focus around nearby Triassic and Jurassic intrusives. Continued exploration for polymetallic vein deposits should focus on testing along regional and property scale structures.

The Company had not incurred any exploration costs in the current quarter.

The Company's Dolly Varden property program is directed by Paul McGuigan, P. Geo., V.P Exploration who is a "qualified person" as defined by National Instrument 43-101 and who also prepared and approved the geological and technical information contained in this MD&A.


Musketeer Claims
Legend
MTO Mineral Lease
Dolly Varden External Property Boundary
Dolly Varden Silver Corp. - Surface Title Without Underlying Crown Grants
Crown Grant Mineral Claims
Dolly Varden Silver Corporation
Dolly Varden Silver Corporation (Lease)
Dolly - Musketeer Option Land
Kitault Hydro Electric Corp. (SURFACE)
Other Ownership
Agnico Eagle Mines Ltd. MTO Mineral Claims - 2013-04-25
0 250 500 1,000 1,500 2,000
Meters
1:20,000
DOLLY VARDEN SILVER CORPORATION
DOLLY VARDEN PROPERTY
Northwest British Columbia, Canada
MTO Mineral Tenures
& Crown Grants
Report By:
Skeena Mining Division
Map Author: D. Metivett
Date: 2013-05-21
Coordinate System: UTM9-83
Topographic Data Source: BC TRIM

Summary of Quarterly Results

The Company was incorporated on March 4, 2011. The following are the selected quarterly financial information of the Company for the fiscal years ended December 31, 2012 and 2011:

Table of Results for the Quarters of March 31, 2011 to March 31, 2013

	March 31 2013	December 31 2012	September 30 2012	June 30 2012	March 31 2012
Total assets	$ 14,567,232	$ 13,409,986	$ 14,090,044	$ 9,423,373	$ 9,763,140
Exploration and evaluation assets	$ 12,099,945	$ 11,314,347	$ 9,113,907	$ 7,466,260	$ 7,189,748
Plant & equipment	$ 252,425	$ 267,999	$ 356,018	$ 275,539	$ 294,416
Working capital	$ 1,359,257	$ 491,314	$ 2,543,027	$ 1,443,398	$ 2,008,462
Shareholders' equity	$ 13,905,486	$ 12,264,693	$ 12,062,952	$ 9,235,197	$ 9,542,626
Interest income	$ 1,771	$ 4,486	$ 5,805	$ 6,752	$ -
Net loss	$ (347,975)	$ (328,600)	$ (373,748)	$ (320,342)	$ (3,785,892)
Basic loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.05)
Fully diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.05)

	December 31 2011	September 30 2011	June 30 2011	March 31 2011
Total assets	$ 10,283,060	$ 8,187,025	$ 5,394,252	$ 4,691,537
Exploration and evaluation assets	$ 6,796,716	$ 5,715,181	$ 3,217,440	$ 2,642,714
Plant & equipment	$ 313,292	$ 116,932	$ -	$ -
Working capital	$ 2,719,266	$ 401,189	$ 1,910,220	$ 1,729,412
Shareholders' equity	$ 9,861,274	$ 6,233,302	$ 5,127,660	$ 4,372,126
Interest income	$ -	$ -	$ -	$ -
Net loss	$ (425,549)	$ (485,908)	$ (368,942)	$ (378,398)
Basic loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Fully diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

For the period ended March 31, 2011, the exploration and evaluation assets balance was mainly comprised of the acquisition costs of the Dolly Varden Property. The Company spent over $400,000 of exploration costs in the period ended March 31, 2013 which is $100,000 more than the exploration costs incurred in the prior quarter ended March 31, 2012 on Dolly Varden property. During the current quarter, in addition to the exploration costs incurred during the quarter on Dolly Varden property, the Company also paid $350,000 to enter into an option agreement to acquire 100% interest in the Musketeer property located in northwestern British Columbia, Canada. The Company's working capital remained positive to the present. On the quarterly basis, the operating losses in 2013 were comparable to 2012 except for the loss for the quarter ended March 31, 2012, as share-based compensation and the cost of public listing (both non-cash expenditures) created a large increase in that quarter's net loss. The cost of public listing represents the acquisition cost of Twin under the amalgamation.

Highlights

The Company was able to raise $1.9 million during the quarter and $2.7 million subsequent to the quarter for the upcoming exploration program. The funding will be used for general working capital to reopen the camp and starting drilling in summer 2013. Hecla continues to fund the Company's upcoming exploration programs by exercising its pre-emptive right to maintain its pro rata.

The Company did not generate operating revenue from March 4, 2011 (Inception) to present, as all of the operating activities of the Company were directed towards exploration as outlined below.

Results of Operations for the three months ended March 31, 2013 and 2012

Dolly Varden Property

Total exploration costs incurred during the three months ended March 31, 2013, amounted to $427,031 (March 31, 2012 - $327,355). Included in exploration costs was $81,533 (March 31, 2012 - $31,185) related to geological & geoscience consulting fees, $16,040 (March 31, 2012 -$9,540) in data and sampling analysis, $2,860 (March 31, 2012 - $Nil) in field labour & support, $172,285 (March 31, 2012 - $137,745) in field project supervision and management, $93,487 (March 31, 2012 - $52,125) in mapping and modelling, $6,900 (March 31, 2012 - $20,630) in survey and assessment costs, $22,472 (March 31, 2012 - $6,872) in rental equipment and warehouse costs, $9,250 (March 31, 2012 – $7,500), in claim maintenance costs, $5,745 (March 31, 2012 –$2,988) in transport, travel, and accommodation costs, $861 (March 31, 2012 - $1,180) on camp, food, supplies and miscellaneous costs, $25 (March 31, 201 - $57,125) on assay costs, $15,573 (March 31, 2012 - $18,876) on depreciation, and $Nil (March 31, 2012 - $465) on fuel. As at March 31, 2013, the Company had accumulated $9,003,327 (March 31, 2012 - $4,792,343) in exploration costs on the Dolly Varden Property.

Iskut Property

The Company, as part of the amalgamation with Twin, acquired 100% ownership of the Iskut Property in the first quarter of 2012 and no exploration cost incurred in the first quarter 2013. The property is in good standing.

Musketeer Property

On March 18, 2013, the Company entered into an option agreement to acquire 100% interest in the Musketeer property located in northwestern British Columbia, Canada for a purchase price of $1,050,000 payable over four years, subject to a 2% NSR. The Company has the option to reduce the NSR by 1% by paying $1,750,000 to the royalty holders within 3 years of acquiring the Musketeer property.

The Company paid an aggregate option payment of $350,000 on March 18, 2013 and the remaining option payments are due as follow:

February 14, 2014	$233,333
February 13, 2015	$233,333
February 12, 2016	$233,334

Operating Expenses

Administrative fees in the three months ended March 31, 2013 were $1,708 (March 31, 2012 - $2,803) comparable to prior period; Consulting fees decreased by $22,000 (March 31, 2012 - $22,000) as no consulting fees was incurred in the current quarter. Directors' fees increased to $30,500 (March 31, 2012 - $Nil) as during the quarter, the Board approved to compensate all directors who are not in management. Management fees increased slightly to $65,500 (March 31, 2012 - $61,000). Marketing and communications costs were $83,613 (March 31, 2012 - $84,931). Office expense decreased to $12,396 (March 31, 2012 - $41,937) as office renovation costs were incurred in the early part of last year. Professional fees decreased substantially to $15,425 (March 31, 2012- $125,766) as the additional auditing, accounting and legal costs for the Company's listing application and capital raising activities were incurred last year. Rent and maintenance decreased slightly to $15,355 (March 31, 2012 - $22,190). Salaries and benefits decreased to $35,187 (March 31, 2012 - $43,676) as accounting staff was laid off. Share-based compensation decreased substantially to $20,160 (March 31, 2012 - $1,425,376) as the majority of share-based compensation amount was the fair value of stock options of the amalgamation. Transfer agent and filing fees decreased significantly to $8,979 (March 31, 2012 - $82,924), as transfer agent and filing fees were incurred last year for the public listing. Travel costs increased considerably to $62,070 (March 31, 2012-$32,428), due additional travel for financing activities. The costs of public listing was $Nil (March 31, 2012 - $1,854,417) as these costs were incurred last year. Exchange gain/(loss) was $1,147 (March 31, 2012 – ($4,444)) due to the foreign currency fluctuation on the Company's US dollar denominated funds. Interest income increased to $1,771 (March 31, 2012 - $Nil) on the Company's deposits.

Liquidity and Capital Resources

At March 31, 2013, the Company's working capital was $1,359,257 (December 31, 2012 - $491,314). The source of cash has been solely from equity financing.

At the date of this MD&A, the Company has sufficient funds to carry out its day-to-day operations, albeit with limited exploration, for the next 12 months. As at March 31, 2013, the Company had a cash balance of $1,583,348 (December 31, 2012 - $1,270,135) to settle current liabilities of $661,746 (December 31, 2012 - $1,145,293). The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. At this time, the Company has sufficient cash to pay all of its current liabilities. There is no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

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:

	March 31, 2013	March 31, 2012
Allen Ambrose, Director		
Director's fees	$ 7,250	$ -
Share-based compensation (stock options)	-	142,141
	7,250	142,141
Allan Marter, Director		
Director's fees	$ 8,250	$ -
Share-based compensation (stock options)	-	195,810
	8,250	195,810
Daisy Duong, CFO		
Salaries and benefits	35,187	34,962
Share-based compensation (stock options)	-	75,808
	35,187	110,770
John King Burns, Director		
Director's fees	$ 10,000	$ -
Share-based compensation (stock options)	-	142,141
	10,000	142,141
Paul McGuigan, VP Exploration, or a company controlled by Paul McGuigan		
Costs included in exploration and evaluation assets	366,205	230,595
Fees and charges	1,744	3,000
Share-based compensation (stock options)	-	189,521
	367,949	423,116
Ron Nichols, CEO, or a company controlled by Ron Nichols		
Fees and charges	65,500	61,000
Share-based compensation (stock options)	-	189,521
	65,500	250,521
Theo Sanidas, Director, or a company controlled by Theo Sanidas or a company to which Theo Sanidas has an indirect interest		
Costs included in exploration and evaluation assets	7,500	7,500
Director's fees	5,000	12,000
Share-based compensation (stock options)	-	142,141
	12,500	161,641
Total related party transactions	$ 506,636	$ 1,426,140

Transactions with Related Parties (cont'd...)

At March 31, 2013, included in accounts payable and accrued liabilities is $497,143 owed to Cambria Geosciences Inc. (Paul McGuigan, VP Exploration) (December 31, 2012 - $1,031,858) and $8,125 owed to Daisy Duong, CFO (2012 - $8,125). At March 31, 2013, $47,033 was owed to various directors and companies owned by directors.

At March 31, 2013, included in receivables is $89,930 owed by Cambria Geosciences Inc. (Paul McGuigan, VP Exploration) (December 31, 2012 - $89,930).

Certain directors, namely John King Burns and Paul McGuigan no longer have any entitlement of interest in the Company that holds the 2% NSR and License agreement on the Dolly Varden property. Only Mr. Sanidas has entitlement of interest in the Company that holds the 2% NSR and License agreement on the Dolly Varden property.

Financial Instruments and Risk Management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, receivables, deposits, and accounts payable and accrued liabilities.

Financial instruments

Cash and deposits are measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables, payables and accrued liabilities, approximate fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank balances and GIC investment at reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments also included receivable from government agencies. The Company limits its exposure to credit loss for cash and equivalents by placing its cash and equivalents with high quality financial institutions.

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing through the issuance of additional securities, the entering into credit facilities or the entering into joint ventures, partnerships or other similar arrangements. As at March 31, 2013, the Company had a cash balance of $1,583,348 to settle current liabilities of $661,746. The Company's current policy is to invest excess cash in Guaranteed Investment certificates issued by its banking institutions.

Financial Instruments and Risk Management (cont'd...)

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are redeemable at any time and interest can be earned up to the date of redemption.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's future mining operations will be significantly affected by changes in the market prices for silver. Precious metal prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities, and stability of exchange rates can all cause significant fluctuations in commodity prices.

Other risks

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 Risk Management" section, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

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.

Substantial Capital Requirements

Management of the Company anticipates that it may make substantial future capital expenditures for the acquisition, exploration, development and production 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, the 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. 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

Mineral Reserves / Mineral Resources (Cont'd)

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.

Recent Global Financial Conditions

Recent global financial conditions have been subject to increased volatility. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the value and the price of the shares of the Company could be adversely affected.

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.

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.

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.

Accounting Standards, amendments and interpretations issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2013, and have not been applied in preparing the unaudited interim condensed financial statements for the three month period ended March 31, 2013 or this MD&A.

In situation where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share based compensation. Otherwise, share based compensation are measured at the fair value of goods or services received.

Effective for annual periods beginning on or after January 1, 2013

IFRS 7 – Financial Instruments: Disclosures applied to offsetting financial assets and financial liabilities in accordance with IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 – Consolidation replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The amendments are effective for annual periods beginning on or after January 1, 2013.

IFRS 11 – Joint Arrangements requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas joint operations, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities—Non-monetary Contributions by Venturers. This amendment is effective for annual periods beginning on or after January 1, 2013. This policy is not expected to have an effect on the Company's reported financial position or results of operations.

IFRS 12 – Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces additional disclosures addressing the nature of, and risks associated with, an entity's interests in other entities. This amendment is effective for annual periods beginning on or after January 1, 2013. This policy is not expected to have an effect on the Company's reported financial position or results of operations.

IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards. The amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

Effective for annual periods beginning on or after January 1, 2015.

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The amendments are effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

The Company does not anticipate that the above items will have a significant impact on its financial statements.

Management's Responsibility for Financial Statements

The information included in the audited 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 financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

Off Balance Sheet Arrangements

The Company is not party to any off balance sheet arrangements.

Disclosure of 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, 2012	103,327,500	10,007,500	7,600,000
Expired warrants		(3,262,200)	-
Exercised warrants	1,532,500	(1,532,500)	-
Issued common shares	26,537,919	-	-
Issued warrants		1,613,750	-
Issued stock options	-	-	750,000
Balance at the date of this MD&A	131,397,919	6,826,550	8,350,000