DOLLY VARDEN SILVER CORPORATION
For the year ended December 31, 2015
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, 2015. 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 27, 2016, 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 property, subject to 2% net smelter return ("NSR") and has an option to acquire 100% interest in the Musketeer property.

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.

HIGHLIGHTS AND SIGNIFICANT EVENTS

- On January 23, 2015, the Company announced the appointment of Rosie Moore as Interim CEO and President and the resignation of George Heard as a director, CEO and President.

- On March 24, 2015, the Company announced that John Burns resigned as the Co-Chair and as a director of the Company.

- On June 19, 2015, the Company implemented a one-for-ten consolidation of its common shares.

- On July 20, 2015, the Company announced that two new independent directors were elected, Donald Birak and Tom Wharton.

- On August 27, 2015, the Company announced a maiden indicated resource estimate of 31.8 million ounces of silver contained within 3.07 million tonnes of material with an average grade of 321.6 grams of silver per tonne and an additional 10.8 million ounces of silver contained within 0.9 million tonnes of material with an average grade of 373.3 grams of silver per tonne for the Dolly Varden Project.

- On September 30, 2015, the Company announced that it had arranged and closed $1.5 million loan facility that could be increased to $2.0 million at the lenders' discretion.

- On September 30, 2015, the Company announced that it had accepted resignations of three board members, Allan Marter, Allen Ambrose and Ian He.

- On October 23, 2015, the Company announced the termination of future accruals of common shares on a quarterly basis as payment to non-executive Board members and certain non-director employees under the Deferred Share Unit plan.

- On December 23, 2015, the Company announced that results from the 2015 exploration drill program, consisting of ten drill holes for a total of 2,037 meters of drilling, six at Ace Galena, three at Kitsol and one structural and stratigraphic test. Drilling confirmed the presence of volcanogenic massive sulphides ("VMS") mineralization at Ace-Galena target and intersected a new, epithermal quartz vein and breccias, with a high-grade silver, also at Ace-Galena.

- Throughout 2015, the Company implemented significant reductions in overhead and administrative costs.

- On February 3, 2016, the Company announced receipt of $500,000 in funds comprising the second and final tranche of the loan facility.

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.

Dolly Varden Properties

The Dolly Varden properties encompass 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 Dolly Varden properties 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.

Since acquiring the Dolly Varden properties in 2011, field work was dedicated to confirming and expanding the known mineralization near the historic deposits: Dolly Varden (2012), Torbrit (2013), Wolf (2011) 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.

The Company's 2014 exploration program was the first regional work completed in decades on the Dolly Varden properties. The program extended known mineralization signatures from the historic deposits, which were mined prior to the discoveries of Eskay and Brucejack, 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.

Musketeer Properties

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. A payment was made in February 2015 of $183,333 with remaining payments due in February 2016 of $81,000, 2017 - $102,334 and 2018 of $100,000, respectively. 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, 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.

2015 Exploration Program

In July 2015, the Company commenced its 2015 field season with work focused on the Ace-Galena and Kitsol areas on the DV Project. Work completed during the current quarter included collection of 1,574 soil samples over a total of 40 line kilometers to infill portions of the property that had not been systematically soil sampled and geological mapping of the Ace-Galena and Moose-Climax-Last Chance target areas.

During the fourth quarter of 2015, the Company completed phase two of the 2015 field program and consisting of 2,037 meters of drilling (ten drill holes), six at Ale Galena, three at Kitsol and one structural and stratigraphic test. Drilling confirmed the presence of volcanogenic massive sulphides ("VMS") mineralization at Ace-Galena target and intersected a new, epithermal quartz vein and breccias, with a high-grade silver, also at Ace-Galena. All of the 2015 Ace-Galena drill holes intercepted highly anomalous silver, lead and zinc mineralization in VMCS horizons. Logged lithology, alteration and mineralization confirm the presence of VMC-style, syngenetic stratiform "layers" that host mineralization in this prospective rock package.

In addition to the holes drilled on the Ace-Galena target, a fan of three holes were drilled in the Kitsol area to follow up on a significant 2014 drill intercept that graded 7.12 grams of silver per tonne (g/t) over 22.6 meters true thickness with the Kitsol epithermal vein structure. The new holes were site 60 meters northeast of hole DV14010 and were targeted to test the Kitsol vein down-dip form historic trench results, which graded 626 g/t silver over 4.11 meters. The Kitsol vein/structure shows evidence of multiple phases of fluid influx and silver mineralization, including native silver, in a prominent structural flexure on the property.

Mineral Resource Estimate

A maiden National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI43-101") mineral resource estimate was released on August 27, 2015. The mineral resource estimate was completed by Giroux Consultants Ltd. and covered the four known deposits on the Dolly Varden Project. The Indicated resource estimate for the Dolly Varden, North Star, Torbrit, and Wolf deposit totals 3.18 million ounces of silver within 3.07 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.

Qualified Person

The Dolly Varden Project exploration program is directed by Ron Nichols, P.Eng., 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

Change in Accounting Policy

In 2015, the Company adopted a new accounting policy with respect to accounting for exploration expenditures. In prior years the Company's policy was to capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company changed its accounting policy to now expense to operations exploration expenditures as incurred, effective with the presentation of financial statements for the year ended December 31, 2015, on a retrospective basis for the year ended December 31, 2014 and the preparation of an opening statement of financial position on January 1, 2014.

An explanation of how the transition from the amounts previously reported has affected the Company's financial position, financial performance and cash flows is set out in Note 15 of the audited financial statements for the year ended December 31, 2015

For the year ended December 31 2015

The net loss for the year ended December 31, 2015 was $3,564,655 as compared to $5,371,172 for the prior year comparative period.

Expenses for the current year amounted to $3,067,690 (2014 - $5,435,411). Exploration and evaluation expenditures of $2,106,174 (2014 - $4,241,594) were significantly lower due to decreased level of available funds. Expenditures for Professional fees of $195,783 (2014 - $169,157) were significantly higher due to increased corporate activity. Partially offsetting this variance was a significant decrease in Travel and Accommodation expenditures of $28,354 (2014 - $158,892). The variance in directors' fees year over year is primarily a result of the change in the fair value of the Deferred Share Units ("DSU") payable as the Company's share price varies. Marketing and communication expenses decreased significantly due to termination or expiration of marketing services contract.

Finance charges of $495,296 (2014 - $Nil) relates primarily to the legal fees incurred and the fair value of the warrants issued to the lenders in relation to the credit facility secured during the third quarter.

For the three months ended December 31, 2015

The net loss for the three months ended December 31, 2015 was $1,517,237 as compared to $1,515,022 for the prior year comparative period.

Expenses in the current quarter amounted to $1,473,587 (2014 - $1,523,899). Exploration and evaluation expenditures of $1,318,196 (2014 - $1,248,370) were slightly higher. The variance in director fees quarter over quarter is primarily a result of the change in the fair value of the Deferred Share Units ('DSU") payable as the Company's share price varies.

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, 2015		September 30 2015		June 30 2015		March 31 2015
Total assets	$	3,972,054	$	4,014,148	$	4,530,950	$	4,924,978
Exploration and evaluation assets	$	3,433,092	$	3,433,092	$	3,433,092	$	3,433,092
Equipment	$	140,261	$	149,728	$	159,195	$	168,662
Working capital/(deficiency)	$	(1,821,614)	$	496,311	$	397,298	$	733,587
Shareholders' equity	$	1,842,741	$	3,297,543	$	4,164,994	$	4,485,933
Interest income	$	55	$	1,569	$	2,761	$	4,034
Net loss	$	(1,517,237)	$	(1,179,129)	$	(321,209)	$	(547,078)
Basic loss per share(1)	$	(0.08)	$	(0.06)	$	(0.02)	$	(0.03)
Fully diluted loss per share	$	(0.08)	$	(0.06)	$	(0.02)	$	(0.03)

		December 31 2014		September 30 2014		June 30 2014		March 31 2014
Total assets	$	5,446,876	$	7,309,529	$	4,840,766	$	5,224,957
Exploration and evaluation assets	$	3,239,579	$	3,239,759	$	3,239,759	$	3,239,759
Equipment	$	178,129	$	195,270	$	209,036	$	222,802
Working capital	$	1,342,756	$	2,765,903	$	483,406	$	1,143,728
Shareholders' equity	$	4,949,026	$	6,481,936	$	4,151,987	$	4,724,206
Interest income	$	8,877	$	4,593	$	1,840	$	6,929
Net loss	$	(1,515,022)	$	(2,872,038)	$	(616,137)	$	(367,975)
Basic loss per share(1)	$	(0.08)	$	(0.18)	$	(0.05)	$	(0.03)
Fully diluted loss per share	$	(0.08)	$	(0.18)	$	(0.05)	$	(0.03)

(1) On June 19, 2015, the common shares of the Company were consolidated on a 10:1 basis. Comparative periods are presented as if the 10:1 consolidation had taken place prior to the earliest periods presented.

While the information set out in the foregoing table is mandated by *National Instrument 51-102*, it is management's view that the variations in financial results that occur from quarter to quarter are not particularly helpful in analyzing the Company's performance. It is in the nature of the business of junior exploration companies that unless they sell a mineral interest for a sum greater than the costs incurred in acquiring such interest, they have no significant net sales or total revenue.

Significant variances in the Company's reported loss from quarter to quarter most commonly arise from several factors that are difficult to anticipate in advance or to predict from past results. These factors include: (i) level of exploration and project evaluations expenses incurred, (ii) decisions to write off acquisition costs when management concludes there has been an impairment in the carrying value of a mineral property, or the property is abandoned, and (iii) the vesting of incentive stock options, which results in the recording of amounts for share-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter.

Selected Annual Information

Year	2015	2014	2013
Net sales or total revenue	$Nil	$Nil	$Nil
Net Loss:			
(i) in total (000's)	$3,564	$5,371	$4,349
(ii) per share[(1)]	$0.20	$0.35	$0.35
Working Capital/Deficiency (000's)	($1,822)	$1,343	$1,447
Exploration and evaluation assets (000`s)	$3,443	$3,240	$3,006
Total Assets (000`s)	$3,972	$5,446	$5,349

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

Investing Activities

During the year ended December 31, 2015, the Company invested $193,333 (2014 - $233,333) in property acquisitions. Exploration expenditures incurred on the Company's mineral properties for fiscal year 2015 were $2,106,174 (2014 - $4,241,594).

Financing Activities:

The Company did not complete any equity financings during the year ended December 31, 2015 (2014 - $5,767,405).

During 2015, the Company arranged a credit facility in the principle amount of up to $1,500,000 ("the Credit Facility"), with $1,500,000 being drawn down. The remaining $500,000 was drawn down subsequent to December 31, 2015.

In connection with the Credit Facility, the Company issued 2,500,000 warrants, each of which entitles the holder to acquire once common share of the Company at a price of $0.30 for a period of three years from the date of issuance.

Off Balance Sheet Arrangements

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

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:

	For the year ended December 31, 2015	2014
Allan Ambrose, Former Director [8]		
Directors' fees[3]	$ 29,000	$ 29,000
Share-based compensation (stock options)	11,176	-
	$ 40,176	$ 29,000
Allan Marter[1], Former Director [8]		
Directors' fees[3]	$ 71,497	$ 37,000
Share-based compensation (stock options)	22,353	-
	$ 93,850	$ 37,000
Connie Norman[1], Corporate Secretary		
Management & Consulting fees	$ 32,081	$ 29,225
Share-based compensation (stock options)	10,735	-
	$ 42,816	$ 29,225
George Heard, Former Director & President & CEO [4]		
Directors' fees[3]	$ -	$ 1,278
Management & Consulting fees	-	170,650
Share-based compensation (stock options)	-	-
	$ -	$ 171,928
Ian He, Former Director [8]		
Directors' fees[3]	$ 22,500	$ 20,000
Share-based compensation (stock options)	11,176	-
	$ 33,676	$ 20,000
John King Burns, Former Director [5]		
Directors' fees[3]	$ 5,338	$ 40,000
Share-based compensation (stock options)	22,353	-
	$ 27,691	$ 40,000
Tom Wharton, Director		
Directors' fees[9]	$ 6,667	$ -
Share-based compensation (stock options)	12,088	-
	$ 18,755	$ -
Don Birak, Director		
Directors' fees[9]	$ 6,667	$ -
Share-based compensation (stock options)	12,088	-
	$ 18,755	$ -
Keith Margetson[1], Former CFO		
Management & Consulting fees	$ 21,000	$ 33,000
Alain Voisin, CFO (from July 20, 2015)		
Salaries	$ 5,430	$ -
Share-based compensation (stock options)	4,029	-
	$ 9,459	$ -
Ron Nichols[1], VP Exploration, Former President & CEO [6]		
Management & Consulting fees	$ -	$ 17,250
Costs included in exploration and evaluation assets	148,125	150,000
Share-based compensation (stock options)	4,029	-
	$ 152,154	$ 167,250
Rosie Moore, Director, Interim President & CEO [7]		
Directors' fees[3]	$ 1,278	$ 20,000
Management & Consulting fees	170,323	-
Share-based compensation (stock options)	34,441	-
	$ 206,041	$ 20,000
Total related party transactions	$ 664,373	$ 547,403

Note 1: or a company controlled by the individual
Note 2: or a company controlled by or in which the individual has an indirect interest
Note 3: includes cash directors' fees and cash value of non-cash DSUs in 2015, cash value of non-cash DSUs only in 201
Note 4: Mr. Heard served as Director from July 2012 to January 2015 and President & CEO from February 2014 to Jan
Note 5: Mr. Burns served as Director from January 2012 to March 2015
Note 6: Mr. Nichols served as President & CEO from January 2012 to February 2014 and as VP Exploration from Febru
Note 7: Ms. Moore served as Director from July 2013 and as Interim President & CEO from January 2015
Note 8: Mr. Ambrose, Mr. He and Mr. Marter resigned from the board effective September 30, 2015
Note 9: includes cash value of non-cash DSUs in 2015

At

December 31, 2015, included in accounts payable and accrued liabilities is $158,141 (2014 - $158,141) as a provisional amount owed to Cambria Geosciences Inc. (Paul McGuigan, former VP Exploration), $86,216 owing to current and former directors (2014 - $161,151) for directors' fees. An additional $6,824(December 31, 2014 - $8,432) was owed to directors and companies owned by officers.

Certain former directors of the Company had previous interests in a company that holds the 2% NSR on the Dolly Varden properties and the Licenses Agreement on the staging area nearby the Dolly Varden Project. The License agreement initially expired on June 30, 2014 but was extended at the rate of $3,000 per month until December 31, 2014, and further extended to December 31, 2015 for $42,000.

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 it 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 and repay the Credit Facility.

Cash and Financial Condition

As at December 31, 2015, the Company had a working capital deficiency of approximately $1,822,000. Subsequent to quarter end, a further $500,000 was drawn down against the Credit Facility.

FINANCIAL INSTRUMENTS

The Company's financial instruments currently consist of cash, receivables, advances, deposits, and accounts payable and accrued liabilities, loan and interest payable. 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.

NEW IFRS STANDARDS ADOPTED

During fiscal year 2015, the Company adopted the following IFRS standards:

- IFRS 2 – Share Based Payment (Amendment): This amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

- IAS24 – Related Party Disclosure (Amendments): These amendments clarify that management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

These new accounting standards had no material impact on the results or financial position of the Company.

NEW IFRS STANDARDS NOT YET ADOPTED

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2015:

- IFRS 9 – Financial Instruments (effective for annual periods beginning on after January 1, 2018), provides guidance on the classification and measurement of financial assets. It also introduced a new expected credit loss model for calculating impairment for financial assets.

The Company is assessing the effect of this new standard on our financial statements.

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.

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 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. 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.

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.

OUTSTANDING SHARE DATA

As at the date of this report, the Company had the following securities outstanding:

Common Shares	18,268,963
Warrants	2,500,000
Options	1,355,000
Fully Diluted	22,123,963

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.

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.