DOLLY VARDEN SILVER CORPORATION
Management's Discussion and Analysis
As of August 20, 2021

This Management Discussion and Analysis ("MD&A") of Dolly Varden Silver Corporation (the "Company" or "Dolly Varden") is for the six months ended June 30, 2021, and is prepared by management using information available as of August 20, 2021. This MD&A should be read in conjunction with the condensed interim financial statements of the Company for the six months ended June 30, 2021 and the audited financial statements of the Company for the year ended December 31, 2020, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's condensed interim financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 16. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 *Continuous Disclosure Obligations*. All dollar amounts referred to in this MD&A are expressed in Canadian dollars, except where indicated otherwise.

Overview

Dolly Varden is a mineral exploration company focused on exploration in northwestern British Columbia ("BC"). Columbia. Dolly Varden has two projects, the namesake Dolly Varden silver property and the nearby Big Bulk copper-gold property. The Dolly Varden property currently has a NI 43-101 *Standards of Disclosure for Mineral Projects* mineral resource of 32.9 million ounces of silver (3,417,000 tonnes grading 300 grams per tonne ("g/t") Ag) in the Indicated category and a further 11.4 million ounces (1,285,300 tonnes grading 277 g/t Ag) in the Inferred category, and the property is considered to be highly prospective for hosting additional high-grade precious metal deposits, since it comprises the same structural and stratigraphic setting that host numerous other high-grade deposits in the region (Eskay Creek, Brucejack). The Big Bulk property is prospective for porphyry- and skarn-style copper and gold mineralization similar to other such deposits in the region (Red Mountain, KSM, Red Chris). The current NI43-101 report was published on May 8, 2019.

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

Outlook

Dolly Varden will be focusing on the highest-grade targets and will continue to explore the property for high-grade silver mineralization to expand the silver resource. Dolly Varden executed a successful 2020 exploration program highlighted by step out drilling success at the flagship Torbrit deposit. The 2021 program is looking to build upon that success with a strong emphasis on enhancing Torbrit through infill and step out drilling. The goal at Torbrit is to increase confidence in the deposit and continue to grow and expand the mineralization footprint. In addition to Torbrit drilling, several exploration targets along the Torbrit horizon will be drill tested. The goal of the exploration drilling is to discover another Torbrit-like deposit along the highly prospective trend. While silver exploration remains the primary focus, management is highly encouraged with the geological and geochemical results for gold and copper mineralization northwest of the silver deposits and plans further exploration of this area. Drilling commenced July 3, 2021 and the Company is fully funded for all planned 2021 exploration activities.

The 2021 expected exploration program is a two-fold resource enhancement strategy:

- Continued drilling to extend, expand and enhance the current NI 43-101 resource; and
- Focused drilling on high-grade silver targets outside of the mineral resource area.

Interim MD&A – 2021 Highlights

- On February 16, 2021, the Company released results from the remaining assays from the 2020 drill program. Highlights demonstrate consistent intervals of high-grade silver mineralization at Torbrit:
  - DV20-222: 310 g/t silver over 6.00 metres (or "m")
  - DV20-244: 304 g/t silver over 45.82 metres, including 648 g/t silver over 6.06 metres
  - DV20-246: 306 g/t silver over 5.10 metres, including 1,290 g/t silver over 0.60 metre

- On July 3, 2021, the drilling program commenced at the Dolly Varden Project. The initial surface diamond drill program will consist of 10,000 meters split 50/50 between infill and expansion of the high-grade, potentially bulk-mineable silver resource at the Torbrit deposit and regional exploration of multiple, highly prospective targets throughout the Property. The 2021 Drilling Program is the first Phase of a two-year goal to aggressively expand and upgrade the Torbrit Silver deposit.

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 BC. The DV Project comprises an area of 8,800 hectares and includes a 100% interest in the Dolly Varden and Big Bulk properties.

Dolly Varden Properties

The DV Project encompasses several historic underground workings, including production stopes from the Dolly Varden and Torbrit mines, exploration adits at North Star and Wolf, as well as several other showings and many mineralized prospects. The silver-rich deposits found on the DV Project are hosted in Jurassic-aged 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-and-silver-rich, hot spring-type volcanogenic massive sulfide (VMS) and epithermal style deposits, such as the Eskay Creek and Brucejack deposits, respectively. The nearby Big Bulk claims host porphyry copper-gold style mineralization.

Since acquiring the DV Project in 2011, fieldwork was dedicated to confirming and expanding the known mineralization near the historic deposits to upgrade into a compliant and current Mineral Resource Estimate for the Wolf, Dolly Varden, Torbrit and North Star deposits. The Company's work consisted of surface and underground mapping, underground rehabilitation, detailed sampling, data compilation from reliable historic records and over 17,000 metres of core drilling. This data was used to complete an initial Mineral Resource Estimate in 2015.

During the years ended December 31, 2011 to 2018, the Company purchased the Dolly Varden Property, consisting of fee simple titles, mineral claims and mineral tenures in respect of certain lands located in the Kitsault area of British Columbia. The property is subject to a 2% net smelter return royalty ("NSR") of which one-half (or 1%) of the NSR can be repurchased by the Company for $2,750,000 at any time.

During the year ended December 31, 2020, the Company acquired surface rights and fee simple lands where the exploration camp, offices, logging and sampling facilities, a parcel of land located at waterfront for shoreline access, current core storage areas and related property water rights. The total property package had been previously leased annually by the Company from private owners. The transaction involves a payment of $153,000 in cash and issuance of 192,061 common shares of the Company with a value of $149,808 for a total cost of $302,808.

Mineral Resource Estimate

An updated NI 43-101 -compliant Mineral Resource Estimate was released on May 8, 2019 prior to the exploration season. The updated Mineral Resource Estimate was completed by Steven Nicholls, MAIG, and Andrew J. Turner, P.Geo. of APEX Geosciences Ltd., independent geological consultants and Qualified Persons (as defined in NI 43-101) and covered the four known deposits on the DV Project. The data used was up to the end of the 2018 drilling campaign.

Category*	Deposit	Cut-off** (g/t Ag)	Tonnes	Silver (g/t)	Contained oz*** Ag
Indicated	Torbrit	150	2,623,000	296.8	25,025,000
	Dolly Varden	150	156,000	414.2	2,078,000
	Wolf	150	402,000	296.6	3,834,000
	North Star	150	236,000	262.8	1,994,000
	Total Indicated		3,417,000	299.8	32,931,000
Inferred	Torbrit	150	1,185,000	278.0	10,588,000
	Dolly Varden	150	86,000	271.5	754,000
	Wolf	150	9,500	230.6	70,000
	North Star	150	4,800	223.6	35,000
	Total Inferred		1,285,300	277.0	11,447,000

* Indicated and Inferred Mineral Resources are not Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There has been insufficient exploration to define the inferred resource as an indicated or measured Mineral Resource, and it is uncertain if further exploration will result in upgrading the resource to a measured resource category. There is no guarantee that any part of the Mineral Resource discussed herein will be converted into a Mineral Reserve in the future.

** A 150 g/t Ag cut-off was chosen to reflect conceptual underground mining and processing cut-off grade.

*** Contained oz may not add due to rounding.

Please refer to the Company's continuous disclosure documents available on SEDAR for more detailed technical information regarding the Mineral Resource Estimate, which is subject to the qualification statements and notes set forth in the final report posted on www.sedar.com.

Preliminary Metallurgical Testing

Results of the first phase of the preliminary metallurgical testing were released by the Company on May 8, 2019. A silver recovery of 86.9% was obtained from the Torbrit deposit and a silver recovery of 85.6% was obtained from the Dolly Varden deposit, both based on the kinematics curves from bottle roll cyanide leach tests over a period of 96 hours. The tests were performed on drill core composite samples from the Torbrit deposit with a head grade of 290 g/t Ag, and the Dolly Varden deposit with a head grade 372 g/t Ag. Metallurgical testing was conducted in the laboratories of Blue Coast Research Ltd., in Parksville, BC, Canada.

Results of the second phase of the preliminary metallurgical testing were released by the Company on June 20, 2019. Results from flotation metallurgical test work on separate concentrates for Ag-Pb and Zn yielded recoveries of 88% silver, 78% lead and 70% zinc from the Torbrit deposit. For more details concerning the metallurgical test work, please refer to the Company's disclosure documents.

The current Mineral Resource Estimate was prepared using results through the 2018 exploration program.

2020 Exploration Program

The Company mobilized its exploration camp at the DV Project late June and into July. The focus of the drilling was on step-out drilling and infilling areas of sparse data within the Torbrit Silver Mine Area. Additionally, exploration drilling was completed to test structures and stratigraphy along the volcanogenic-related stratigraphy that hosts the Torbrit silver deposit, as well as initial exploration on the western portion of the property covering the "Gold Belt" target.

The Company initiated the 2020 exploration drilling program on July 27 and drilling was completed by October 17. A total of 11,396.75 metres in 40 drill holes were drilled; 19 holes were completed in the Torbrit area and 21 reconnaissance and exploration drill holes were drilled, testing multiple areas on the Property.

Highlights from the recent drilling program at the Torbrit area include:

- DV20-222: 310 g/t silver over 6.00 metres
- DV20-244: 304 g/t silver over 45.82 metres, including 648 g/t silver over 6.06 metres
- DV20-246: 306 g/t silver over 5.10 metres, including 1,290 g/t silver over 0.60 metre

Note: The true width of intercepts is estimated to be 80-95% of the core length (metres) reported using the current understanding of the three-dimensional nature of the mineralization and grade models at Torbrit. Interval lengths are constrained by grade values within the mineralization envelope. Recoveries on the individual metals have not been applied to composite calculations, which are reported at 100%.

Company records of historic mining operations at the Torbrit and Dolly Varden mines produced average grades of 500 g/t silver at Torbrit and 1,100 g/t silver at Dolly Varden. Silver mineralization came from Native Silver, Argentiferous Galena and Ruby Silver (pyrargyrite).

In addition, the initial reconnaissance drilling completed in the western "Gold Belt" encountered hydrothermal breccias and quartz stockwork veining and strong pyrite with pathfinder elements, such as bismuth, copper, lead and zinc, as well as anomalous gold up to 0.1 g/t Au. The polymetallic quartz-carbonate structures appear similar to those that host high-grade zones and shoots at the Big Missouri, Premier and Brucejack deposits located north of Dolly Varden. At the 1.5 kilometre-long Starlight-Racehorse trend within the western gold belt, the alteration and quartz stock work in exploration drill holes DV20-226 and DV20-228 (850 m apart) returned 0.19 g/t Au with 0.62% Cu over 8.00 m core length and 0.06 g/t Au with 1.36% Cu over a core length of 3.65 m, respectively.

Geological mapping for structure and lithology was also carried out throughout the summer, and results will aid in future targeting.

Modelling and Program Planning

The data from the 2020 exploration program combined with previous years' work has been integrated into the property geological model and plan for the 2021 exploration program.

Other Relevant Exploration History

The Company has been actively exploring and expanding its claim portfolio since 2011. On May 8, 2019, the Company updated and published its NI 43-101 report using data and information up to and including the 2018 drilling program. The 2019 drilling program consisted of 44 drill holes for 11,863 metres.

Qualified Person

Robert van Egmond, P.Geo., Chief Geologist, a "Qualified Person" as defined by NI 43-101, prepared and approved the scientific and technical information contained in this MD&A.

Results of Operations

For the six months ended June 30, 2021

The total comprehensive loss for the six months ended June 30, 2021 was $2,880,450 as compared to $1,646,497 in the same period last year, with the $1,233,953 change primarily attributed to increases in exploration expenses of $1,098,204 and share-based payments of $434,034. These increases were offset by a decrease in management fees of $233,367 which was primarily the result of the change in the management team last year during the first half of 2020.

Exploration and evaluation expenditures for the six months ended June 30, 2021 were $1,576,785 (2020 - $478,581). Exploration and evaluation expenditures were higher for the six months ended June 30, 2021, due a delay in the start of last years 2020 drill program resulting from the disruption of COVID-19 and implementation of COVID-19 related protocols. There was no such delay in 2021.

Total general and administration expenses for the current period amounted to $1,633,969 (2020 - $1,233,037). This $400,932 increase was significantly impacted by an increase in share-based payments expense and marketing and communications cost, which was offset by a decrease in management fees. The change between periods was impacted by the following key items:

- Share-based payments increased to $780,175 (2020 - $346,132) during the six months ended June 30, 2021 as the options outstanding increased by 2,675,000 (2020 - 3,450,000) which resulted in an increase in share based payments expense of $434,043 as the expense for these new options will be recognized over a one year vesting period. Whereas, options issued during the period ended June 30, 2020 continue to be expensed during their two year vesting period. A shorter vesting period and higher share price volatility results in a higher valuation in the six months ended June 30, 2021 even though there were fewer options granted relative to the same period last year.
- Expenditures for marketing and communications of $236,000 (2020 - $93,661) increased by $142,338 as the Company worked to increase market awareness. The Company also held its Annual General Meeting ("AGM") during the six months ended June 30, 2021 whereas the AGM was held in August last year. In addition, last year during the six months ended June 30, 2020, the Company had reduced marketing and communications activities as part of its response to managing the impact of COVID-19.
- Management fees of $191,700 (2020 - $425,067) were $233,367 lower primarily due to termination fees paid to the former chief executive officer last year during the period ended June 30, 2020 where there was no similar fees paid during the six months ended June 30, 2021.
- Office & Administration expenses of $142,504 (2020 – $118,100) were $24,404 higher primarily due to increases in insurance cost and higher technical software costs required for data analysis.
- Consulting fees of $131,564 (2020 – $74,338) increased relative to the same period last year primarily due to the addition of two new general management consultants in late March 2020 who support the chief executive officer and investors. During the period ended June 30, 2021, these consultants were retained for the full six months compared to only three months in the period ended June 30, 2020. During the six months ended June 30, 2021 the Company also retained research and communication specialists where there were no similar consultants hired during the same period last year.
- Director's fees of $28,333 (2020 - $61,232) were $32,899 lower because of fluctuations in the valuation of Deferred Share Units outstanding. During the six months ended June 30, 2021 there was a $15,391 reduction in fair value whereas there was an increase in fair value of $33,482 during the six months ended June 30, 2020.

During the six months ended June 30, 2021, the Company recognized a recovery on the flow-through share premium of $282,541 (2020 - $66,712). The recovery on flow-through share premium is correlated with higher qualifying flow-through expenditures incurred in the period and the original flow-through share premium recorded.

Interest and other income was higher in the current period at $47,763 (2020 - $34,603), due to cost recoveries and the Company maintaining a higher average cash balance over the six months ended June 30, 2021 when compared to the six months ended June 30, 2020.

For the three months ended June 30, 2021

The total comprehensive loss for the three months ended June 30, 2021 was $1,724,338, as compared to $777,565 in the same period last year, with the $946,773 change primarily attributed to increases in exploration and evaluation costs of $898,271, share-based payments expense of $82,390 in addition to a $135,781 increase in marketing and communications. These increases were offset by a $224,380 higher recovery of flow-though share program premium.

Exploration and evaluation expenditures for the three months ended June 30, 2021 were $1,163,837 (2020 - $265,566). Exploration and evaluation expenditures were $898,271 higher for the three months ended June 30, 2021 when compared to the same period in 2020 primarily due to timing of the drill program. This year the drill program mobilization started in May compared to a July start in 2020.

Total general and administration expenses not directly related to exploration for the current period amounted to $823,165 (2020 - $540,026). This $283,139 increase was impacted by an $82,390 increase in share-based payments expense, a $36,368 increase in consulting fees and a $135,781 increase in marketing and communication expenses relative to the same period last year. The change between the periods was impacted by the following key items:

- The share-based payments expense increased to $336,743 from $254,353 primarily due to stock options granted having a shorter vesting period and higher calculated fair value during the three months ended June 30, 2021 compared to the options vesting in the same period last year. Options granted last year continue to be expensed during their two year vesting period which also contribute to the relatively higher expense in the three months ended June 30, 2021.
- Consulting fees of $64,037 (2020 - $27,669) increased relative to the same period last year due to the addition of research and market specialists where there was no such support during the same period last year.
- Professional fees of $58,337 (2020 - $14,192) increased due to higher legal fees required to explore new business development opportunities during the period ended June 30, 2021 where no such support was required in the period ended June 30, 2020.
- Director's fees of $22,902 (2020 - $45,217) were $36,368 lower because of fluctuations in the valuation of Deferred Share Units outstanding. During the three months ended June 30, 2021 there was a $948 reduction in fair value whereas there was an increase in fair value of $37,342 during the three months ended June 30, 2020.
- Marketing and communications expenses of $154,373 (2020 - $18,592) increased during the three months ended June 30, 2021 relative to the same period last year because last year the Company had minimal marketing and communications activities as part of its response in managing the impact of COVID-19.

During the three months ended June 30, 2021, the Company recognized a recovery on the flow-through share premium of $224,380 (2020 - $45,219). The recovery on flow-through share premium is correlated with qualifying flow-through expenditures incurred in the period and the original flow-through share premium recorded.

Interest and other income was higher in the current period at $26,484 (2020 - $16,802), due cost recoveries and the Company maintaining a higher average cash balance over the period compared to the same period last year.

The Company recorded Part XII.6 tax recovery of $11,800 compared to and expense of $33,994 in the same period last year. Part XII.6 tax is calculated and payable to the Canada Revenue Agency on the Company's flow-through expenditures renounced under the Look-back Rule in the prior year and unspent in the current year. Draft Federal COVID-19 relief initiatives impacted the Flow Through Share program which modifies the Part 12.6 tax calculation and as such the Company has not made any allowance for Part 12.6 tax during the six months ended June 30, 2021.

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:

As at and for the quarter ended	June 30, 2021 (Q2/21) $	March 31, 2021 (Q1/21) $	December 31, 2020 (Q4/20) $	September 30, 2020 (Q3/20) $
Total assets	26,237,954	27,310,293	28,072,373	22,742,643
Exploration and evaluation assets	4,029,234	4,029,234	4,029,234	3,726,426
Equipment	239,789	79,812	83,599	4,821
Working capital	20,219,100	21,760,422	22,453,065	17,961,404
Shareholders' equity	24,579,123	25,960,468	26,656,898	21,853,651
Interest & other income	26,484	21,279	22,980	24,641
Total revenue	-	-	-	-
Operating loss	(1,987,002)	(1,223,752)	(1,869,425)	(4,068,820)
Total loss and comprehensive loss	(1,724,338)	(1,156,112)	(1,801,799)	(3,830,024)
Basic and fully diluted loss per share	(0.01)	(0.01)	(0.02)	(0.03)

As at and for the quarter ended	June 30, 2020 (Q2/20) $	March 31, 2020 (Q1/20) $	December 31, 2019 (Q4/19) $	September 30, 2019 (Q3/19) $
Total assets	14,713,752	7,735,207	8,392,112	8,749,442
Exploration and evaluation assets	3,726,426	3,726,426	3,726,426	3,726,426
Equipment	78,926	83,032	87,137	90,846
Working capital	10,339,098	3,471,519	4,124,567	4,203,058
Shareholders' equity	14,235,450	7,371,977	8,029,130	8,111,330
Interest income	16,802	17,801	19,682	16,661
Total revenue	-	-	-	-
Operating loss	(805,592)	(906,026)	(436,711)	(3,331,944)
Total loss and comprehensive loss	(777,565)	(868,932)	(32,197)	(3,092,702)
Basic and fully diluted loss per share	(0.01)	(0.01)	(0.00)	(0.04)

The Company had a loss of $1,724,338 for Q2/21 verses a loss of $1,156,112 in Q1/21. Spending related to exploration was higher in Q2/21 as mobilization of the camp for the drill program started in May during this quarter. As drilling commenced in Q3/21 we expect costs to trend higher in the next quarter.

The Company had a loss of $1,156,112 for the three months ended March 31, 2021 versus a loss of $1,801,799 for the three months ended December 31, 2020. The most significant variance in expenses between the two quarters was the Company's increase in exploration and evaluation expenditures and share-based payments.

Total assets have increased over the eight quarters, as the Company raised more money in the capital markets than were expended on exploration. The Company expects that trend to change as exploration activity and the related costs trend upward.

The Company's drill program typically operates from May to October each year. As such, the exploration related expenses are historically highest during the quarters ending in September. COVID-19 resulted in a delay to the start of the 2020 program, but the Company was able to exceed a 10,000-metre drill program during 2020. This change of timing consequently shifted some related expenses later into the year, relative to historical spending trends. The expenses were higher in Q1/20 and into Q2/20 relative to prior years due to a temporary increase in expenses due to new management transition. The Company expects administrative costs in the future to be comparable to historical trends, but expects marketing efforts to increase as COVID restrictions are lifted. The exploration costs were higher in Q3/20 and Q4/20 relative to the same periods last year and the immediately preceding two quarters, as two drill rigs were utilized at the end of the season to help adjust for the late start and the relatively bad weather during the 2020 program. Operational responses to COVID-19 also increased exploration costs and are not expected to continue at the same levels into the future past the 2021 drilling season.

Fluctuations in exploration expenses materially impacted the changes to operating losses in all periods, as exploration costs as a percentage of total expenses ranged from 24% to 92%. Exploration costs in millions, excluding the benefit of the BC Mining tax credit, were Q2/19-$1.28M, Q3/19-$3.07M, Q4/19-$0.38M, Q1/20-$0.21M, Q2/20-$0.27M, Q3/20-$3.40M, Q4/20-$1.37M and Q1/21-$0.413M.

The Company had a loss of $777,565 in Q2/20 versus a loss of $868,932 in Q1/20. The Company's management fees were $81,000 in Q2/20 versus $344,067 in Q1/20 due to termination fee payments made during the three months ended March 31, 2020. In addition, there was an increase in share-based payments from $91,779 in Q1/20 compared to $254,353 in Q2/20 due to the vesting and fluctuations in stock price impacting the fair value calculations of stock options.

Expenses during the Q1/20 included $305,000 of compensation costs related to management transition where there was no similar expense incurred in the previous quarters.

The Company had a loss of $868,932 for Q1/20 versus a loss of $32,197 for Q4/19. The most significant variance in expenses between the two quarters was the Company's exploration related expenditures of $213,015 in Q1/20 versus a recovery of $(152,428), comparatively, due to the BC Mineral Exploration Tax Credit ("BC METC") recovery recognized during December 2019, which was an offset against the exploration expense during Q4/19. Also, there was a significant drop in the recovery on flow-through premium from $387,762 in the Q4/19 compared to $21,492 in Q1/20 due to a decrease in eligible exploration costs that reduce the liability on flow-through share issuance.

Liquidity and Capital Resources

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

Cash and Financial Condition

As at June 30, 2021, the Company had a working capital surplus of $20,219,100 (December 31, 2020 - $22,453,065), which includes the liability on flow-through share issuance of $874,713 (December 31, 2020 - $1,157,254). The Company's working capital needs fluctuate based on exploration program requirements, which place variable demands on the Company's resources and timing of expenditures. Demand on capital is expected to increase during the summer months, as drilling and exploration activity began in May 2021.

During the six months ended June 30, 2021, the Company used $2,060,947 (2020 - $637,529) of cash in operating activities. The Company had a loss of $2,880,450 (2020 - $1,646,497) from operations. Items not affecting cash totalling $493,671 (2020 - $309,113) were added back to the loss mainly due to share-based payments, revaluation of DSUs and the recovery on flow-through premium. The Company had changes in non-cash working capital items totalling $325,831 (2020 - $699,855) that were added back to the loss. The change in cash from operations between periods was most significantly impacted by a $539,660 reduction in amounts receivable during the period ended June 30, 2020 where there was no similar change in amounts receivable for the period ended June 30, 2021. COVID-19 restrictions had delayed the drilling program in 2020 which also resulted in a higher operating loss in the period ended June 30, 2021 compared to the same period last year.

During the six months ended June 30, 2021 and 2020, the Company purchased $167,619 of camp and exploration related equipment as part of camp mobilization.

During the six months ended June 30, 2021 and 2020, the Company received cash proceeds of $22,500 (2020 - $45,000) from the exercise of 90,000 stock options.

Outstanding Share Data

The Company has unlimited authorized common shares, and the issued and outstanding share capital is as follows:

As at	The date of this MD&A	June 30, 2021
Common shares issued and outstanding	130,862,861	130,637,861
Common share purchase warrants	7,983,198	7,983,198
Brokers' compensation warrants	845,070	845,070
Stock options	7,422,500	7,822,500

During the six months ended June 30, 2021, the Company issued 90,000 common shares on exercise of options for proceeds of $22,500.

On July 2, 2021, the Company granted 100,000 options to a consultant, exercisable at $0.71 per share expiring five years from the grant date.

On July 27, 2021, a director exercised 225,000 stock options with an exercise price of $0.40 per share for gross proceeds of $90,000.

On July 29, 2021, 275,000 stock options expired unexercised.

Transactions with Related Parties

The Company's related parties consist of directors and officers (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 transactions with key management personnel:

		For the three months ended		For the six months ended	
	Expense category	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Tom Wharton, Director	Directors' fees	$ 4,500	$ 3,750	$ 8,250	$ 7,500
Donald Birak, Director	Directors' fees	4,950	4,125	9,075	8,250
James Sabala, Director	Directors' fees	4,500	3,750	8,250	7,500
Annette Cusworth, Director	Directors' fees	4,500	3,750	8,250	7,500
Darren Devine, Chair & Director	Directors' fees	5,400	4,500	9,900	9,000
Linus Geological Ltd.[2]	Exploration expense	22,500	45,600	65,000	57,062
S2K Capital Corp [1]	Management fees	72,000	60,000	162,000	113,276
Gary Cope, Former Director, President & CEO	Management fees	-	-	-	272,414
Fehr & Associates CPA [3]	Management fees	18,000	13,500	31,500	20,000
Fehr & Associates CPA [3]	Office & Administration	18,000	16,500	34,500	20,000
Darren Devine, Chair & Director	Consulting fees	-	-	-	10,000
Donald Birak, Director	Consulting fees	1,536	-	1,536	-

Ann Fehr, CFO	Share-based payments	78,496	27,148	124,417	47,438
Darren Devine, Chair & Director	Share-based payments	68,407	8,065	108,406	8,862
Shawn Khunkhun, President, CEO & Director	Share-based payments	200,703	98,021	314,718	149,041
Robert McLeod, Director & Technical Advisor	Share-based payments	68,110	29,451	107,964	45,934
Tom Wharton, Director	Share-based payments	51,088	-	80,979	-
Donald Birak, Director	Share-based payments	51,088	-	80,979	-
James Sabala, Director	Share-based payments	51,088	-	80,979	-
Annette Cusworth, Director	Share-based payments	51,088	-	80,980	-
		$ 775,954	$ 318,160	$ 1,317,683	$ 783,777

(1) *A corporation controlled by Shawn Khunkhun, President, Chief Executive Officer & Director.*

(2) *A corporation controlled by Robert McLeod, Director & Technical Advisor.*

(3) *On March 1, 2020, the Company entered into an agreement with Fehr & Associates, a corporation wholly owned by Ann Fehr, Chief Financial Officer, under which fees of $10,000 per month are paid effective April 1, 2020 and increased to $12,000 effective April 1, 2021. The fee relates to the Chief Financial Officer services, accounting, corporate secretary, bookkeeping and general administrative services.*

Other related party transactions:

During the six months ended June 30, 2021 $nil (2020 - $111,940) fees were paid to Belcarra Group Management Ltd., a corporation controlled by Gary Cope, the former chief executive officer and former director of the Company that provided office space, a corporate secretary, investor relations, accounting and administration staff to the Company on a shared cost basis.

At June 30, 2021, fees included in accounts payable is $25,068 (December 31, 2020 - $20,230) owed to directors and officers of the Company. These amounts are unsecured, non-interest-bearing and due on demand.

At June 30, 2021, included in accrued liabilities is $36,140 (December 31, 2020 - $51,532) accrued to independent directors for directors' fees outstanding as DSUs.

Financial Instruments

The Company's financial instruments currently consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities. The fair value of cash is based on Level 1 of the fair value hierarchy. The fair value of receivables, deposits, accounts payable and accrued liabilities approximate their book values due to 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.

Off Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Proposed Transactions

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

Management's Responsibility for the Condensed Interim Financial Statements

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

Critical Accounting Estimates

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

Share-based compensation

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

Estimating useful life of equipment

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

Deferred income taxes

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

Accrual of BC Mineral Exploration tax credit ("BC METC")

The provincial government of BC provides for a refundable tax on net qualified mining exploration expenditures incurred in BC. The credit is calculated as 20% of qualified mining exploration expenses less the amount of any assistance received or receivable. The determination of the expenditures that would qualify as mining exploration expenses was based on the previous years' tax filings and subsequent reviews by government auditors. BC METC will be recorded in net income or loss upon cash receipt or when reasonable assurance exists that the tax filings are assessed and the expenditures are qualified as mining exploration expenses.

Significant Accounting Judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim financial statements include, but are not limited to, the following:

Recoverability of the carrying value of the Company's exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that a change in future conditions could require a material change in the recognized amount.

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 **Liquidity 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 that 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, access to qualified personnel 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 in the early exploration stage only and, though they contain current mineral resources, as disclosed on page 3 of the MD&A, they do not contain a known body of commercial minerals ("mineral reserves"). Mineral reserves are, in large part, estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral reserve estimates for exploration and evaluation assets that have not yet commenced production may require revision based on actual production experience.

Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

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 of this MD&A, 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 of Directors 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 that may be issued by the Board of Directors without further action or approval of the Company's shareholders, except in limited circumstances. While the Board of Directors 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.

Stock Exchange Prices

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies, have experienced wide fluctuations, which have not necessarily been related to the performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

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 indigenous 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 that, 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 due to 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.

COVID-19 Pandemic

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity, and the ability to explore the Company's properties. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations and the ability of the Company to advance its projects. In particular, if any employees or consultants of the Company become infected with the coronavirus or similar pathogens and/or the Company is unable to source necessary consumables or supplies, due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of one or more of its exploration programs.

Other Risks

The level of demand for the Company's exploration is increasingly affected by regional and global demographic and macroeconomic conditions, including population growth rates and changes in standards of living. A significant downturn in global economic growth, or recessionary conditions in major geographic regions, may lead to reduced demand for commodities, which could adversely affect the Company's business and results of operations.

Additionally, weak global economic conditions and turmoil in global financial markets, including constraints on the availability of credit, have in the past adversely affected, and may in the future continue to adversely affect, the financial condition and creditworthiness of some of the Company's customers, suppliers and other counterparties, which in turn may negatively impact the Company's business. Any deterioration in economic conditions due to the current coronavirus concerns could negatively impact the Company's exploration.

Forward Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates of the business and management. Certain statements included in this MD&A constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "suggest", "estimate", "anticipate", "project", "indicate", "expect", "intend", "may", "should expect", "target", "will", "unlock upside potential" and other similar words or statements that certain events or conditions "may" or "will" occur. The forward-looking statements are not historical facts, but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date.

The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or 2021 exploration program for the Dolly Varden Project, either of which may change due to changes in the views of the Company, or if new information arises that makes it prudent to change such plans or programs; (b) focus drilling or other exploration strategies will produce new information; and (c) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; fluctuations in metal prices; and the impact of the COVID-19 pandemic. 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 a guarantee of future performance, and accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

Additional Information

Additional information about the Company, including the financial statements, is available on the Company's website at *www.dollyvardensilver.com* and on SEDAR at *www.sedar.com*.