

# **Dolly Varden Silver Corp.**

**1130 - 1055 West Hastings Street  
Vancouver, BC V6E 2E9  
Phone: (604) 687-8566  
Fax: (604) 687-6365**

---

## **INFORMATION CIRCULAR**

**(As at May 16, 2019 except as indicated)**

---

## MANAGEMENT SOLICITATION

This information circular (the "Circular") is furnished to you in connection with the solicitation of proxies by management of Dolly Varden Silver Corp. ("we", "us", "Dolly Varden" or the "Company") for use at the annual general meeting (the "Meeting") of shareholders of the Company ("Dolly Shareholders") to be held at 10:00 am (Vancouver time) on Thursday, June 20, 2019 and at any adjournment of the Meeting. We will conduct the solicitation by mail, and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means, or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees, or agents for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

## GENERAL PROXY INFORMATION

### Appointment of Proxyholders

The persons named as proxyholders in the enclosed form of proxy are the Company's directors or officers. **As a shareholder, you have the right to appoint a person or company (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the Company.

### Voting by Proxy

**The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.**

**The enclosed form of proxy gives the persons named as proxyholders discretionary authority regarding amendments to or variations of matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgment.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an "X" in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxyholders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

## Completion and Return of Proxy

You must deliver the completed form of proxy to the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. (contact information below), or to the Company's head office at the address listed on the cover page of this Circular, by Tuesday, June 18, 2019 at 10:00 am (Vancouver time), which is not less than 48 hours (Saturdays, Sundays, and holidays excepted) before the scheduled time of the Meeting (or any adjournment, as applicable).

### Mail:

Computershare Investor Services Inc.  
Proxy Dept.  
100 University Avenue, 9<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1

### Fax:

Within North America: 1-866-249-7775  
Outside North America: 1-416-263-9524

## Non-Registered Holders

Only shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee**"). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "**NOBOs**" (Non-Objecting Beneficial Owners). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "**OBOs**".

In accordance with securities regulatory requirements under National Instrument 54-101-*Communication with Beneficial Owners of Securities of a Reporting Issuer*, we will have distributed copies of the Notice of Meeting, this Circular, and the form of proxy (the "**Meeting Materials**") directly to NOBOs and to the Nominees for onward distribution to OBOs. Management does not intend to pay for intermediaries to forward the Meeting Materials to OBOs under National Instrument 54-101 and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*, and in the case of an OBO, the OBO will not receive the Meeting Materials unless the OBO's intermediary assumes the cost of delivery.

Nominees are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting Materials sent to non-registered holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "**VIF**"). This voting instruction form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the

Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the shares they beneficially own. Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the non-registered holder may request a legal proxy as set forth in the VIF, which will grant the non-registered holder or his/her nominee the right to attend and vote at the Meeting. Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

### **Revocability of Proxy**

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a proxy authorization form or VIF or to revoke a waiver of your right to receive Meeting Materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

Advance notice of the Meeting was posted on the Company's SEDAR profile on April 18, 2019.

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the laws of the Province of British Columbia, the country of Canada, and the applicable securities laws of the provinces of Canada. The proxy solicitation rules of the United States are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements under the securities laws of the provinces of Canada. Shareholders in the United States should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws. The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), certain of its directors and its executive officers are residents of Canada, and its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgement by a United States court.

## CURRENCY

In this Circular, all dollar amounts are in Canadian Dollars unless otherwise specified.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as set out herein, none of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the repricing of previously granted options and the ratification and approval of the Stock Option Plan (defined below).

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of common shares without par value (each, a "**Dolly Varden Share**"), of which 57,372,404 Dolly Varden Shares were issued and outstanding as of the record date, being May 16, 2019 (the "**Record Date**"). The Company has only one class of shares.

Persons who are registered Dolly Shareholders at the close of business on the Record Date will be entitled to receive notice of, attend, and vote at the Meeting, or complete, sign and deliver a form of proxy in the manner and subject to the provisions described in the section titled *Appointment of Proxyholders*. On a show of hands, every shareholder and proxyholder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each Dolly Varden Share. In order to approve a motion proposed at the Meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, or as noted below, no person or company beneficially owns directly or indirectly, controls, or directs shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company, except:

1. Hecla Canada Ltd. exercises control or direction over 6,807,626 Dolly Varden representing 11.87% of the Dolly Varden Shares issued and outstanding.
2. Sprott Asset Management LP, on behalf of accounts fully managed by it, in which Dolly Varden Shares are held by Ninepoint Silver Equities Class, Ninepoint 2017 Flow-Through Limited Partnership, Ninepoint 2017-II Flow-Through Limited Partnership, Ninepoint 2018 Flow-Through Limited Partnership and Ninepoint 2018-II Flow-Through Limited Partnership, together with joint actors, exercise control or direction over 9,685,000 Dolly Varden Shares, representing 17.19% of the issued Dolly Varden Shares issued and outstanding.

Pursuant to an ancillary rights agreement dated September 24, 2012 between Hecla Canada Ltd. ("**Hecla**") and the Company (the "**Ancillary Rights Agreement**"), for as long as Hecla owns greater than 10% of the outstanding Dolly Varden Shares, Hecla has the right to nominate one person to the

Dolly Board. No group of Dolly Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Dolly Varden Shares.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Compensation, Philosophy and Objectives*

The Company has appointed a Compensation Committee and adopted a Compensation Committee Charter in order that the Compensation Committee may guide the compensation program. See Appendix B of this Circular for a full copy of the Compensation Committee Charter. The Dolly Varden board of directors (the "**Dolly Board**" or the "**Board**") meets to discuss and determine management compensation, upon recommendation by the Compensation Committee, without reference to formal objectives, criteria or analysis.

The general objectives of the Company's compensation strategy are to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value;
- (b) align management's interests with the long-term interest of shareholders;
- (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and
- (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a natural resource company without a history of earnings.

The Dolly Board, as a whole, ensures that total compensation paid to all Named Executive Officers (as hereinafter defined) is fair and reasonable. The Dolly Board relies on the experience of its members as officers and directors with other companies in assessing compensation levels.

The Dolly Board considered the risks associated with the current compensation program, but did not note any potential material adverse effects. No director or Named Executive Officer is permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of the Company's equity securities held directly or indirectly.

#### *Analysis of Elements*

Base salary compensation is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his or her responsibilities to the best of their ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees periodically at the discretion of the Dolly Board. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's 2012 Stock Option Plan, which was most recently approved by the Company's shareholders at the annual general and special meeting held on June 21, 2018 (the "**Stock Option Plan**").

The Dolly Board determines the amount for each element of pay after consulting with management. There is no set formula for determining each element, and decisions are subjective, but historical option grant amounts are considered when setting new grant amounts. The Company considers the compensation of officers and directors to be a significant component of achieving long term Company objectives and success, while also managing cash flow, risk, and setting out an appropriate budget for each year while planning strategy. No peer group is used when determining compensation.

#### *Long-Term Compensation and Option-Based Awards*

The Company has no long-term incentive plans other than the Stock Option Plan. The Company's directors, officers, employees and consultants are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of senior management, employees and other consultants. The Dolly Board believes that the Stock Option Plan aligns the interests of the Named Executive Officers and the Dolly Board with shareholders by linking a component of executive compensation to the longer-term performance of the Dolly Varden Shares.

Options to purchase Dolly Varden Shares under the terms of the Stock Option Plan (each, a "**Dolly Option**") are granted by the Dolly Board. In monitoring or adjusting the option allotments, the Dolly Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers and the Dolly Board. In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Dolly Board also makes the following determinations:

- the parties who are entitled to participate in the Stock Option Plan;
- the exercise price for each Dolly Option granted;
- the date on which each Dolly Option is granted;
- the vesting period, if any, for each Dolly Option;
- the other material terms and conditions of each Dolly Option grant; and
- any re-pricing or amendment to a Dolly Option grant.

The Dolly Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Dolly Board reviews and approves grants of Dolly Options periodically during the financial year.

Pursuant to the Stock Option Plan, the Dolly Board grants Dolly Options to directors, officers, employees and consultants as incentives. The level of Dolly Options awarded to a Named Executive

Officer is determined by his position and his potential future contributions to the Company. The exercise price of Dolly Options is determined by the Dolly Board but will in no event be less than the closing trading price of the Dolly Varden Shares on the TSX Venture Exchange (the "TSX-V") on the day before a Dolly Option is granted.

The executive officers and Board refer to the Compensation Committee with respect to setting or amending any equity incentive plans under which share-based or option-based awards are granted. The Compensation Committee carries out these responsibilities in accordance with the Compensation Committee Charter.

### **Summary of Compensation**

For the purposes of this Circular, "**Named Executive Officer**" means each of the following individuals:

- (a) the chief executive officer ("CEO") of the Company;
- (b) the chief financial officer ("CFO") of the Company;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the year ended December 31, 2018; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, on December 31, 2018.

### ***Table of Compensation Excluding Compensation Securities***

During the financial year ended December 31, 2018, the Company had four Named Executive Officers: Gary Cope, President and CEO, Stephen Brohman, who resigned as CFO on January 9, 2018, Melissa Martensen, who served as interim CFO from January 10, 2018 until February 6, 2018 and Carla Hartzenberg, who was appointed as CFO on February 6, 2018. The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the financial years ended December 31<sup>st</sup>, 2018, and 2017. For the information concerning compensation related to previous years, please refer to the Company's previous information circulars available on its SEDAR profile at [www.sedar.com](http://www.sedar.com).

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All other Compensation (\$)	Total Compensation (\$)
Gary Cope, President and CEO	2018	240,000	40,000	N/A	N/A	N/A	280,000
	2017	240,000	40,000	N/A	N/A	N/A	280,000
Stephen Brohman, <sup>1</sup> CFO (1 month)	2018	15,000	Nil	N/A	N/A	N/A	15,000
	2017	60,000	5,000	N/A	N/A	N/A	65,000
Carla Hartzberg <sup>2</sup> , CFO (11 months)	2018	29,792	5,417	N/A	Nil	Nil	35,209
	2017	N/A	N/A	N/A	Nil	Nil	N/A
Melissa Martensen, Interim CFO <sup>3</sup> (1 month)	2018	2,500	5,000	N/A	Nil	Nil	7,500
	2017	Nil	5,000	N/A	Nil	Nil	5,000
Darren Devine, Director	2018	Nil	Nil	18,000	Nil	Nil	18,000
	2017	Nil	Nil	18,000	Nil	Nil	18,000
Donald Birak, Director	2018	Nil	Nil	16,500	Nil	Nil	16,500
	2017	Nil	Nil	16,500	Nil	Nil	16,500
James Sabala, Director	2018	Nil	Nil	15,000	Nil	Nil	15,000
	2017	Nil	Nil	15,000	Nil	Nil	15,000
Thomas Wharton, Director	2018	Nil	Nil	15,000	Nil	Nil	15,000
	2017	Nil	Nil	15,000	Nil	Nil	15,000
Annette Cusworth, Director	2018	Nil	Nil	15,000	Nil	Nil	15,000
	2017	Nil	Nil	15,000	Nil	Nil	15,000

<sup>1</sup> Mr. Brohman was appointed as CFO on December 14, 2016 and resigned on January 9, 2018. The amount for 2018 includes severance pay of \$10,000 paid to 1047230 B.C. Ltd.

<sup>2</sup> Paid indirectly through Belcarra Group Management Ltd. Appointed on February 6, 2018

<sup>3</sup> Paid indirectly through Belcarra Group Management Ltd. Appointed from January 10, 2018 until February 6, 2018.

## STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table discloses the particulars of all compensation securities granted or issued during the year ended December 31, 2018 for each Named Executive Officer and director:

Compensation Securities							
Name and Position	Type of Compensation Security	Number of compensation securities, number of underlying securities, and percentage of class (#)	Date of Issue or Grant	Issue, Conversion, or Exercise Price (\$)	Closing Price of Security or underlying security on date of grant (\$)	Closing Price of Security or underlying security at year end (\$) <sup>4</sup>	Expiry Date
Gary Cope, President, CEO & Director	Stock Options	150,000 3.7%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
Carla Hartzenberg, CFO (11 months)	Stock Options	125,000 3%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
Melissa Martensen, Interim CFO (1 month)	Stock Options	100,000 2.5%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
Darren Devine, Director and Chairman	Stock Options	50,000 1.2%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
Donald Birak, Director	Stock Options	50,000 1.2%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
James Sabala, Director	Stock Options	50,000 1.2%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
Thomas Wharton, Director	Stock Options	50,000 1.2%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023
Annette Cusworth, Director	Stock Options	50,000 1.2%	Feb 15, 2018	0.79	0.79	0.49	Feb 15, 2023

---

<sup>4</sup> This amount is the closing market value of securities underlying the options on December 31, 2018, the last trading day of the Dolly Varden Shares for the financial year, which was \$0.49.

## Exercise of Compensation Securities by Directors and NEOs

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of underlying securities exercised (#)	Exercise Price per security (\$)	Date of Exercise	Closing Price of Security or underlying security on date of exercise (\$)	Difference Between exercise price and closing price on date of exercise (\$)	Total Value on Exercise Date (\$)
Stephen Brohman, CFO (1 month)	Stock Options	100,000	\$0.59	April 9, 2018	\$0.69	\$0.10	10,000

There were no other exercises of any compensation securities by directors or Named Executive Officers during the most recently completed financial year ending December 31, 2018.

### Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

Under the terms of the Cope Agreement, or the Belcarra Agreement (each as defined under the heading "*External Management Companies*" beginning on page 13 of this Circular), in the event of death or as a result of termination due to disability of either Mr. Gary Cope, or Ms. Hartzenberg, as applicable, the Company will pay and provide 683192 B.C. Ltd. (for the Cope Agreement), or Belcarra Group Management Ltd. (for Ms. Hartzenberg) as applicable, any accrued consulting fees (or 25% of the salary owing for Ms. Hartzenberg) through to the date of termination and reimbursement for any unreimbursed expenses incurred through to the date of death or termination due to disability. The Brohman Agreement was terminated on January 9, 2018 and 1047230 B.C. Ltd. was paid \$10,000 under the agreement.

In the event of a Change of Control (as defined in the Cope Agreement) where Mr. Cope's employment is terminated absent an Event of Default (as defined in the Cope Agreement) in the 12-month period following the Change of Control, Mr. Cope is entitled to receive a lump sum of \$240,000, payable within 30 days of the date of termination. If the Company terminates the Cope Agreement, absent an Event of Default or a Change of Control, Mr. Cope will be entitled to receive a lump sum payment of \$240,000.

Termination and change of control benefits for Ms. Hartzenberg are governed through her employment agreement with Belcarra Group Management Ltd., and through the Shared Services Agreement between Belcarra Group Management Ltd. and Dolly Varden Silver Corp. dated January 1, 2017. In the event of a Change of Control, if the Company terminates the Belcarra Group Management Ltd. Shared Services Agreement, in the 12-month period following a Change of Control,

Ms. Hartzenberg would be entitled to receive a lump sum of \$130,000, payable within 30 days of termination. If the Company terminates the Belcarra Group Management Ltd. Shared Services Agreement absent an Event of Default or a Change of Control, Ms. Hartzenberg would not be entitled to a payment.

If Belcarra Group Management Ltd. terminates the employment of Ms. Hartzenberg, other than for an Event of Default, she may be entitled to receive a lump sum payment equal to two months salary plus one month of salary per completed year of service to a maximum of twelve months' salary. Dolly Varden Silver Corp. would owe and pay 25% of the total lump sum payment amount to Belcarra Group Management Ltd.

The Dolly Board will determine at its discretion what will happen to any stock options outstanding to Mr. Cope or Ms. Hartzenberg, as applicable, according to the terms of the Stock Option Plan.

The following table shows the estimated compensation that would have been payable assuming termination and/or Change of Control events occurred on December 31, 2018:

Name	Payment Upon Retirement, Death or Disability Termination <sup>5</sup>	Payment Upon Termination due to Change of Control Absent Event of Default <sup>6</sup>	Payment Upon Termination Other than a Change of Control or an Event of Default
Gary Cope	Nil	\$240,000	\$240,000
Carla Hartzenberg	Nil	\$130,000	\$8,125

Other than as set out above, there are no compensatory plans or arrangements, with respect to any Named Executive Officer, resulting from the resignation, retirement or any other termination of employment of the officer or from a change in control of the Company or a change of any Named Executive Officer's responsibilities following a change of control.

The only significant conditions of the Cope Agreement (as defined therein) that apply to the receipt of payments or benefits are:

- a) the enduring confidentiality clause regarding confidential information;
- b) the non-competition and non-solicitation clause, whereby 683192 B.C. Ltd. shall not engage in any mineral exploration or related business within 10 km of the Company's mineral properties, or solicit any of the Company's employees to work for them; and
- c) the signing of a mutual release agreement.

#### EXTERNAL MANAGEMENT COMPANIES

Management functions of the Company are substantially performed by directors or executive officers of the Company and not to any substantial degree by any other person with whom the Company has contracted, other than the following:

---

<sup>5</sup> This amount assumes no consulting fees accrued through to the date of termination and no expenses that have not been reimbursed.

<sup>6</sup> These amounts do not include applicable GST.

1. The Shared Services Agreement dated January 1, 2017 between Belcarra Group Management Ltd. and Dolly Varden Silver Corp. provides management, administrative, office facilities, and other related services including the provision of personnel as may be required by the Company from time to time, with costs allocated on a shared and proportional basis with certain other companies that have also engaged Belcarra Group Management Ltd. to provide these services. Carla Hartzenberg provides accounting services to Belcarra Group Management Ltd. and acts as CFO for the Company.

Belcarra Group Management Ltd. provides services to the Company, as well as to three other publicly traded companies, being Silver Viper Minerals Corp., Barsele Minerals Corp., and Orex Minerals Inc., and the cost of Carla Hartzenberg and Melissa Martensen, among other personnel, is allocated on a proportional basis among the four companies at 25% per company. The total salary paid to Carla Hartzenberg is \$130,000 per year. The total salary paid to Melissa Martensen is \$120,000 per year.

2. Pursuant to the consulting agreement between the Company and 683192 B.C. Ltd., a company wholly-owned by Gary Cope, dated December 5, 2016 (the "**Cope Agreement**") 683192 B.C. Ltd. provides CEO consulting services to the Company. 683192 B.C. Ltd. of Belcarra, BC is engaged in the business of the management of mineral exploration and development. Under the terms of the Cope Agreement, the Company paid to 683192 B.C. Ltd. a monthly consulting fee of \$20,000 plus applicable GST. The Company or 683192 B.C. Ltd. may terminate the Cope Agreement at any time in accordance with the terms and conditions of the Cope Agreement provided reasonable notice has first been provided to either the Company or 683192 B.C. Ltd., as applicable.

3. Pursuant to the consulting agreement between the Company and Whiting Geological Consulting Inc., a company wholly-owned by Ben Whiting, dated January 1, 2017 (the "**Whiting Agreement**") Mr. Whiting serves as Vice President, Exploration of the Company and Whiting Geological Consulting Inc. provides geological consulting services to the Company. Whiting Geological Consulting Inc. of New Westminster, BC is engaged in the business of mineral exploration and geological consulting. Under the terms of the Whiting Agreement, the Company pays Whiting Geological Consulting Inc. a monthly consulting fee of \$10,000 plus GST. Either of the Company or Whiting Geological Consulting Inc. can terminate the Whiting Agreement at any time in accordance with the terms, provided 90 days' notice has first been provided to either the Company or Whiting Geological Consulting Inc., as applicable.

## DIRECTOR COMPENSATION

As at the date of this Circular, the Company has six directors, one of whom is also a Named Executive Officer.

The Company adopted a set of standard fees for independent director activities on December 2, 2016 pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments including special committees, and the granting from time to time of incentive stock options in accordance with the policies of the TSX-V. Each independent director is entitled to \$1,000 per month. The Chairman of the Dolly Board is entitled to a further \$500 per month. Each Chair of the Nominating and Governance Committee, the Health/Safety/Environmental Committee, the Compensation Committee, and the Audit Committee

is entitled to a further \$250 per month. The members of the Technical Committee who are also independent directors are entitled to a further \$125 per month. The Dolly Board reviews the compensation of directors annually, taking into consideration any recommendations made by the Compensation Committee.

### Deferred Share Unit Plan

The Company had a Deferred Share Units ("DSUs") plan which entitles certain directors to accrue share-based compensation to receive the cash equivalent of the DSUs 90 days after they retire or terminate their contract with the Company. In October of 2015, the Company ended accruals under the DSU plan and ceased issuing DSUs for payment of director fees. Thomas Wharton and Donald Birak, along with one former director, have DSUs outstanding. The Company has a total of 96,908 DSUs outstanding, with a value of \$46,628 based on the volume-weighted average price for the last five trading days of December 2018.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2018 regarding the number of Dolly Varden Shares to be issued pursuant to the Stock Option Plan. The Company does not have any equity compensation plans that have not been approved by the Dolly Shareholders.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, or rights (a)	Weighted average exercise price of outstanding options, warrants, or rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,070,000	\$0.70	1,667,240
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>		\$0.70	1,692,240

The number of stock options available for future issuance is a rolling 10% calculated as 0.1 multiplied by the number of common shares issued and outstanding on any given date, rounded down to the nearest whole stock option.

### INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No person who is or at any time since the commencement of the Company's last completed financial year was a director, executive officer or senior officer of the Company, and no associate of any of the foregoing persons has been indebted to the Company at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other

similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person, other than amounts not exceeding \$50,000 for travel advances.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company, other than as disclosed below. An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed, or otherwise acquired any of its securities, so long as it holds any of its securities.

On September 12, 2012, Hecla acquired 2,000,000 post share consolidation Dolly Varden Shares at a post-consolidation price of \$1.60 per Dolly Varden Share for total gross proceeds to the Company of \$3,200,000. In connection with this financing, Hecla was granted various rights by way of an Ancillary Rights Agreement, which remains in effect as long as Hecla owns more than 10% of the outstanding shares of the Company. Those rights include the right to nominate a director to the Dolly Board, a right of first refusal for any transfer or sale of the Company's mineral properties, and the right to participate in future financings and private placements in order to maintain its pro-rata interest. Hecla currently holds 6,807,626 Dolly Varden Shares, giving them a 11.87% interest. Hecla's nominee to the Dolly Board is James Sabala, who was previously elected at the AGM on October 7, 2016.

### MANAGEMENT CONTRACTS

Management functions of the Company are substantially performed by directors or executive officers of the Company and not to any substantial degree by any other person with whom the Company has contracted, other than the following:

1. Pursuant to the shared services agreement dated January 1, 2017 between Belcarra Group Management Ltd. ("**Belcarra**") and the Company, Belcarra provides administration, accounting, a CFO, corporate secretarial, office facilities, management services, IT support, and other related services to the Company in exchange for a variable fee based on a shared services arrangement. The average approximate monthly fee from January to December, 2018 was \$25,000 excluding GST.

## CORPORATE GOVERNANCE

The following is a summary of the Company's corporate governance disclosure required by Form 58-101F2 of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*.

### Dolly Board

The Dolly Board, at present, is composed of six directors, one of whom is an executive officer of the Company and five of whom are considered to be "independent," as that term is defined in applicable securities legislation. Mr. Gary Cope, President and CEO, by reason of his office, is not independent. In determining whether a director is independent, the Dolly Board chiefly considers whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management.

The Dolly Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Dolly Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Dolly Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff, and complying with applicable regulatory requirements. The Dolly Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans, and annual operating plans.

### Directorships

Certain of the directors of the Company are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Name of Other Reporting Issuer (or Equivalent in Foreign Jurisdiction)
Gary Cope	Barsele Minerals Corp., Orex Minerals Inc., Silver Viper Minerals Corp.
Darren Devine	Chakana Copper Corp.
Donald Birak	Revival Gold Inc., Guyana Goldstrike Inc.
James Sabala	N/A
Thomas Wharton	Angel Gold Corp., Chakana Copper Corp., Ely Gold Royalties Inc.
Annette Cusworth	RIWI Corp. (CSE)

Unless otherwise indicated, each of the reporting issuers is listed on the TSX-V

### **Orientation and Continuing Education**

The Company has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Company by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Dolly Board.

### **Ethical Business Conduct**

The Dolly Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Dolly Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Dolly Board in which the director has an interest, have been sufficient to ensure that the Dolly Board operates independently of management and in the best interests of the Company. The members of the Dolly Board sign a code of conduct acknowledgement form on joining the Dolly Board and agree to follow the Code of Conduct and Ethics policy adopted by the Dolly Board in 2015. They each confirm annually that they are in compliance with the Code of Conduct and Ethics policy.

### **Nomination of Directors**

The Dolly Board considers its size each year when it considers the number of directors to recommend to the Dolly Shareholders for election at its annual general meeting of Dolly Shareholders, taking into account the number required to carry out the Dolly Board's duties effectively and to maintain diverse views, skills, and experience. The Company's nominating and corporate governance committee (the "NCG Committee") has responsibility for identifying potential Board candidates. There is no set process for identifying new candidates, but a pool of candidates may be generated using the existing network of the Dolly Board members, a search firm, or any other method that the Dolly Board may choose. All three members of the NCG Committee are independent.

### **Compensation**

All compensation matters are dealt with by the Dolly Board, based upon recommendations by the Compensation Committee.

To determine compensation payable, the Compensation Committee reviews compensation paid to directors, CEOs and CFOs of companies of similar size and stage of development. The Compensation Committee determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management, while taking into account the financial and other resources of the Company. In setting the compensation, the Compensation Committee, with input from the Nominating and Governance Committee annually reviews the performance of the CEO and CFO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

All Compensation Committee members are independent directors. The Compensation Committee is made up of the following members, all of whom have relevant experience in dealing with compensation matters:

- **Tom Wharton**, Chair. Mr. Wharton brings over 30 years of business experience in the start-up, development, operation, and financing of early stage companies and has served as CEO, CFO or as a board member for various private and publicly traded companies. Mr. Wharton obtained a Bachelor's degree in accounting from Creighton University in Omaha, NE. For the last three years Mr. Wharton has worked as a consultant for various exploration stage junior mining companies and investment funds focused on junior mining as well as oil & gas investment opportunities.
- **Donald Birak**. Mr. Birak is a geologist with over 37 years of experience in the minerals industry. He served as Senior Vice President of Exploration for Coeur Mining, Inc. ("Coeur") from 2004 to October 2013. Previous to his time at Coeur, he served as Vice President of Exploration with AngloGold North America, Independence Mining Company, and Hudson Bay Mining and Smelting. Mr. Birak received his Master of Science in Geology from Bowling Green State University, in Ohio. Mr. Birak is a Registered Member of the Society for Mining, Metallurgy and Exploration ("SME") and a Fellow of the Australasian Institute of Mining and Metallurgy ("AusIMM").
- **Darren Devine**. Mr. Devine is the principal of CDM Capital Partners, a firm that provides corporate finance advisory services to private and public companies. Mr. Devine also acts as a director and/or officer to a number of junior public companies in the natural resource and technology sectors. In addition, he is currently an active member of the TSX-V's Local Advisory Committee. Mr. Devine is qualified as a barrister and solicitor in British Columbia and in England & Wales and prior to founding CDM Capital Partners, practiced exclusively in the areas of corporate finance and securities law.

The Company is a small junior resource company with limited financial resources. The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives including attracting and retaining qualified executives, motivating the short and long-term performance of the executives, and aligning the interests of the executives with those of the Dolly Shareholders.

The Compensation Committee may seek independent compensation advice where appropriate from external consultants in order to assist it in assessing executive remuneration levels and aligning directors and executive remuneration packages with comparable market compensation. The Compensation Committee has not yet engaged such external advice.

### **Health, Safety, and Environmental Committee**

The Company's health, safety, and environmental committee oversees the development and reviews the implementation of policies relating to health, safety, and environmental issues.

## Committees of the Dolly Board

The Dolly Board has appointed an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and a Health, Safety, and Environmental Committee, the current members of which are as follows:

Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Health, Safety, Environmental Committee
James Sabala (Chair)	Thomas Wharton (Chair)	Annette Cusworth (Chair)	Donald Birak (Chair)
Annette Cusworth	Darren Devine	James Sabala	Gary Cope*
Thomas Wharton	Donald Birak	Darren Devine	James Sabala

\*non-independent

A description of the function of the Audit Committee can be found in this Circular under "Audit Committee."

See Appendix C of this Circular for a full copy of the Nominating and Corporate Governance Committee Charter.

The Dolly Board also has appointed an ad hoc Technical Committee that has Donald Birak as Chair, Ben Whiting, VP Exploration, and Kurt Allen, the representative of Hecla appointed to the Technical Committee. The Technical Committee meets at least once per year, and more often as needed, to discuss the exploration program.

### Assessments

The Dolly Board has not, as yet, adopted formal procedures for assessing the effectiveness of the Dolly Board, its committees or individual directors. The relatively small size of the Company enables the Dolly Board to satisfy itself that individual directors are performing effectively. As the Company grows, the Dolly Board will consider adopting formal procedures for evaluating director and committee performance.

### AUDIT COMMITTEE

As at the date of this Circular, the Audit Committee is composed of James Sabala, Annette Cusworth, and Thomas Wharton. Each member of the Committee is "independent" and "financially literate." Under this heading, the Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). The text of the Audit Committee Charter is attached in Appendix A.

The Dolly Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

## Relevant Education and Experience

Member	Independent/ Not Independent <sup>(1)</sup>	Financially Literate/ Not Financially Literate <sup>(1)</sup>	Relevant Education and Experience
James Sabala	Independent	Financially Literate	Previously served as CFO for Hecla.
Annette Cusworth	Independent	Financially Literate	CPA, CA currently VP Finance and Chief Accounting Officer of Creation Technologies LP with extensive finance and taxation experience.
Thomas Wharton	Independent	Financially Literate	Director of multiple publicly traded companies. Business consultant. Accounting degree.

<sup>(1)</sup> As defined in NI 52-110.

## Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Dolly Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

## Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has determined that it intends to continue to rely on the exemptions contained in Sections 2.4 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total amount of fees payable to the auditor in the fiscal year in which the non-audit services were provided. The Company has not relied, and does not intend to rely, on Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Under Section 5 (b)(c) and (d) of Form 51-110F2, the Company has not relied on any of the following exemptions:

- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*),
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*)

## Pre-Approval Policies and Procedures

The Company has a procedure to bring to the Audit Committee any requests in advance of the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required if they will exceed 5% of the total fees payable to the auditor.

## **External Auditor Service Fees (By Category)**

### ***Audit Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2018 for audit and assurance and related services were approximately \$30,000 (2017 - \$33,150).

### ***Audit-Related Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2018 for audit related services were Nil (2017 - Nil).

### ***Tax Fees***

The aggregate fees billed for tax compliance, tax advice, and tax planning services by the Company's external auditor for the financial year ended December 31, 2018 were Nil (2017 - Nil).

### ***All Other Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2018 for review of unaudited interim financial statements, compilation of consolidated financial statements, and related consultation and research services were Nil (2017 - Nil).

## **Exemption**

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 and disclosed in this Circular.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Financial Statements**

The audited financial statements for the Company for the period ended December 31, 2018 together with the Auditor's Report thereon will be presented to Dolly Shareholders at the Meeting. The financial statements, together with the Auditor's Report thereon are available on the Company's SEDAR profile online, and a Dolly Shareholder can request a paper copy from the Company by email to [info@dollyvardensilver.com](mailto:info@dollyvardensilver.com) with a mailing address and Dolly Shareholder's name, or by writing to the Company at the address on the first page of this Circular.

### **Election of Directors**

Directors are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless they resign or otherwise vacate office before that time.

### *Number of Directors*

Under the Company's articles, the number of directors may be fixed or changed from time to time by ordinary resolution but must not be fewer than three. There are currently six nominee directors proposed for re-election at the Meeting.

### *Nominations and Voting*

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below, all of whom are presently members of the Dolly Board. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the list of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the Dolly Varden Shares represented by the proxy for the election of any other person or persons as directors.

### **Advance Notice for Additional Director Nominations**

The Company's articles include advance notice provisions for the nomination of directors (the "**Advance Notice Provisions**"). The purpose of the Advance Notice Provisions is to provide Dolly Shareholders, directors and management of the Company with direction on the procedure for shareholder nomination of directors. As the first public announcement of the Meeting was filed on the Company's SEDAR profile on April 18, 2019, the deadline for Dolly Shareholders to submit nominations for election to the Dolly Board at the Meeting has passed.

In the case of this Meeting, a Dolly Shareholder would need to undertake the following in order to properly nominate one or more individuals for election as a director at the Meeting:

- a) provide to the Company on or before May 8, 2019:
  1. A notice setting out for each nominee,
    - a. the name, address, and principal occupation for the last five years
    - b. the number of Dolly Varden Shares owned or controlled,
    - c. a statement regarding independence, pursuant to NI 52-110 *Audit Committees*, and
    - d. any other information that would be required in a dissident proxy circular.
  2. a notice setting out any information about the nominating shareholder equivalent to that required in a dissident proxy circular, including the number of Dolly Varden Shares owned or controlled; and
- b) deliver to the Company an agreement to serve as director in a form reasonably required by the Company for each nominee on or before the Meeting.

At the sole discretion of the Chairman of the Meeting, the notices and representation above may be accepted in person at the Meeting for nomination of a director.

## Management Nominees

Management proposes to nominate the persons named in the table below for election as directors. The information concerning the proposed nominees has been furnished by each of them as of the date of this Circular:

Name, Jurisdiction of Residence, and Present Office Held	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction Is Exercised	Principal Occupation During the Past Five Years
Gary Cope President, Chief Executive Officer and Director Belcarra, BC, Canada	December 5 2016	Indirect: 112,750 <sup>7</sup>	Mining Executive, past President of Orko Silver Corp. (junior mining); and current President of the Company, Orex Minerals Inc. and Barsele Minerals Corp.
Annette Cusworth Burnaby, BC, Canada Director	October 7 2016	Nil	VP Finance and CAO of Creation Technologies LP, former Finance and Taxation Director of Kestrel Holdings Ltd., former Corporate Controller of Sauder Industries Ltd., former CFO of Magma Energy Corp.
James Sabala Hayden Lake, ID, USA Director	October 7 2016	Nil	Retired businessman, former CFO and Senior VP of Hecla Mining Company.
Donald Birak Coeur d'Alene, ID, USA Director	July 20 2015	33,122 DSUs	Consulting geologist, advisory board member of Kootenay Silver Inc., former Senior VP of Coeur Mining Inc., advisor to Nexus Gold Corp.
Darren Devine Vancouver, BC, Canada Director and Chairman	August 25 2016	Nil	Principal of CDM Capital Partners, management advisor.
Thomas Wharton Omaha, Nebraska, USA Director	July 20 2015	Indirect: 600,000 <sup>8</sup> 33,122 DSUs	Business consultant, director of Angel Gold Corp., DV Resources Ltd., Ely Gold & Minerals Inc.

<sup>7</sup> Dolly Varden Shares are owned by 683192 B.C. Ltd., a private company wholly-owned by Gary Cope.

<sup>8</sup> 600,000 Dolly Varden Shares are owned by Saint Thomas Capital Partners, which is controlled by Mr. Wharton.

Mr. Sabala has been nominated by Hecla for election as a director, pursuant to the Ancillary Rights Agreement. Other than Mr. Sabala, none of the proposed nominees for election as a director of the Company are proposed pursuant to any arrangement or understanding between the nominee and any other person.

No proposed director is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days,

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets. No proposed director of the Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the proposed director, except as follows:

- a) Mr. Sabala served as a director of Arch Coal (NYSE:ACI) ("**Arch**") since February of 2015. On January 11, 2016, Arch and substantially all of its wholly-owned domestic subsidiaries filed voluntary petitions for reorganisation under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Missouri. Arch and the ad hoc creditor group have agreed to the principal terms of a Chapter 11 plan of reorganisation, which will be subject to approval by the Bankruptcy Court. On July 8, 2016, the United States Bankruptcy Court for the Eastern District of Missouri approved the Disclosure Statement filed in connection with Arch's proposed Plan of Reorganisation. With this approval, Arch can begin to solicit approval of the Plan of Reorganisation from its creditors. A hearing to consider confirmation of the Plan of Reorganisation by the Bankruptcy Court was scheduled for September 13, 2016. The company emerged from reorganisation on October 1, 2016 and Mr. Sabala's tenure as a director ended.

No proposed director has been subject to any penalties or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **Appointment of Auditor**

Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of Davidson & Company LLP, Chartered Accountants, of 1200 – 609 Granville Street, Vancouver, British Columbia, as the Company's auditor to hold office until the next annual general meeting. We propose that the Dolly Board be authorized to fix the remuneration to be paid to the auditor. Davidson & Company LLP was first appointed the Company's auditor by the Dolly Board on March 6, 2012.

The Company's Audit Committee recommends the appointment of Davidson & Company LLP, Chartered Accountants, of Vancouver, British Columbia, as the Company's auditor to hold office until the Company's next annual general meeting.

## **Incentive Stock Option Plan**

The only equity compensation plan which the Company currently has in place is the Stock Option Plan which was first approved by shareholders of the predecessor companies Dolly Varden Silver Ltd. and Twin Glacier Resources Ltd. on November 14, 2011 and November 15, 2011 respectively. The intention of the Stock Option Plan is to give directors, officers, employees and consultants the opportunity to participate in the success of the Company by granting them options to acquire Dolly Varden Shares, thereby giving them an ongoing proprietary interest in the Company. The Stock Option Plan requires the approval of Dolly Shareholders each year at the annual general meeting of Dolly Shareholders in accordance with the TSX-V Policy 4.4 – "*Incentive Stock Options*".

The Stock Option Plan is a rolling plan, with the Company authorized to reserve a maximum of 10% of the issued and outstanding share capital at the time of the grant. As a result, any increase in the number of issued and outstanding Dolly Varden Shares will result in an increase in the number of Dolly Varden Shares available for issuance under the Stock Option Plan.

### ***Terms of the Stock Option Plan***

A full copy of the Stock Option Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the Stock Option Plan from the Company before the Meeting on written request. The following is a summary of the material terms of the amended and restated Stock Option Plan:

Number of Shares Reserved: The number of Dolly Varden Shares issuable under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Dolly Varden Shares.

Administration: The Stock Option Plan will be administered by the Dolly Board.

Service Providers: Stock options may only be issued to persons who are *bona fide* directors, officers, employees, management company employees or consultants of the Company; or a company that is wholly-owned by any of the foregoing. Such persons and entities are referred to herein as "**Service Providers**".

Maximum Term of Options: Stock options granted under the Stock Option Plan can be exercisable for a maximum of 10 years from the date of grant, subject to extension if the expiration date of an option

falls within a black out period, then such expiration date will be automatically extended to the date which is the 10<sup>th</sup> business day following expiry of the black-out period.

Maximum Options per Person: The number of Dolly Varden Shares reserved for issuance to any one option holder pursuant to stock options granted under the Stock Option Plan during any 12-month period may not exceed 5% (or, in the case of a consultant, 2%) of the issued and outstanding Dolly Varden Shares at the time of grant. The number of Dolly Varden Shares reserved for issuance to option holders who are engaged in Investor Relations Activities (as defined in Policy 1.1. of the TSX-V) is limited to an aggregate of 2% of the issued and outstanding Dolly Varden Shares at the time of grant.

No Assignment: Stock options may not be assigned or transferred.

Termination Before Expiry: Generally, stock options will expire and terminate on a date stipulated by the Dolly Board at the time of grant. If the employment of an option holder who is a Service Provider is terminated without cause, such option holder's vested stock options will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Dolly Board as at the date of grant or agreed by the Dolly Board and the option holder at any time prior to the expiry of the option) following the date the option holder ceases to be employed by or provide services to the Company or on the expiry of such stock options, whichever is earlier. If the employment of an option holder who is a Service Provider is terminated for cause, such option holder's stock options (vested or unvested) will terminate on the day of termination. If an option holder dies, the vested stock options of the deceased option holder will be exercisable by his/her estate for a period not exceeding one year following the date of the deceased option holder's death or on the expiry of such vested stock options, whichever is earlier.

Exercise Price: Subject to any adjustments made pursuant to the Stock Option Plan, stock options granted under the terms of the Stock Option Plan will be exercisable at a price that is not less than the Discounted Market Price (as defined in Policy 1.1 of the TSX-V). If the Company does not issue a news release to fix the exercise price pursuant to TSX-V policies, the Discounted Market Price is the last closing price of the Dolly Varden Shares before the date of the grant.

Reduction of Exercise Price: The exercise price of stock options granted to insiders may not be decreased without disinterested shareholder approval.

Change of Control: If a Change of Control Event occurs, then the Dolly Board may authorize and implement one or more of the following actions: (a) accelerate the vesting of any stock options and any stock options that are not exercised or surrendered by the effective time of the Change of Control Event will be deemed to be expired; (b) allow an option holder to surrender such option holder's stock options in exchange for a cash payment equal to the In the Money Amount (as defined in the Stock Option Plan); and/or (c) deem that a stock option granted under the Stock Option Plan be exchanged for an option to acquire, for the same aggregate exercise price, that number and type of securities as would be distributed to a holder of stock options in respect of the Dolly Varden Shares issued to such option holder had he or she fully exercised the stock options before the effective time of the Change of Control Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Change of Control Event, regardless of the continuing directorship, officership, or employment of the option holder.

Adjustments: The Stock Option Plan contains provisions for adjustment in the number of Dolly Varden Shares or other property issuable on exercise of stock options in the event of a share

consolidation, split, reclassification or other relevant change in the Dolly Varden Shares, or an amalgamation, merger or other relevant change in the Company's corporate structure, or any other relevant change in the Company's capitalization.

At the Meeting, shareholders will be asked to pass an ordinary resolution approving the Stock Option Plan in the following form:

"**RESOLVED**, as an ordinary resolution, that the Company's 10% rolling stock option plan as amended and restated on May 18, 2017, is ratified, confirmed and approved, including the reserving for issuance under the stock option plan at any time of a maximum of 10% of the issued and outstanding common shares of the Company, subject to regulatory approval, all as more particularly described in the Company's information circular dated May 16, 2019."

Unless otherwise instructed, the proxies solicited by management will be voted for the approval of the Stock Option Plan.

### Re-Pricing of Previously Granted Stock Options

At the Meeting, Dolly Shareholders will be asked to consider and approve an ordinary resolution (the "**Option Re-Pricing Resolution**") as set forth below to re-price an aggregate of 2,375,000 stock options of the Company (the "**Re-Priced Options**") previously granted to Insiders of the Company (as such term is defined in the TSX-V Corporate Finance Manual) from an exercise price ranging between \$0.59 and \$0.79 per share to an exercise price of \$0.40 per share (the "**Option Re-Pricing**"). All other terms of the Re-Priced Options will remain unchanged. The Option Re-Pricing is subject to the approval of the TSX-V.

The Dolly Board has determined to re-price the Re-Priced Options because the current trading price of the Dolly Varden Shares on the TSX-V is considerably lower than the current exercise price of the Re-Priced Options. Accordingly, the Dolly Board was of the view that the Re-Priced Options had little or no value or incentive for the holders thereof.

The Re-Priced Options were granted to the following directors and officers of the Company (collectively, the "**Option Holders**") as set out below:

Name of Optionee	Title	Expiry Date	Number of Options	Current Exercise Price	Proposed Re-Priced Exercise Price
Donald Birak	Director	July 29, 2021	225,000	\$0.75	\$0.40
Thomas Wharton	Director	July 29, 2021	225,000	\$0.75	\$0.40
Annette Cusworth	Director	December 2, 2021	150,000	\$0.65	\$0.40
Darren Devine	Director	December 2, 2021	150,000	\$0.65	\$0.40
Gary Cope	Director	December 2, 2021	200,000	\$0.65	\$0.40
James Sabala	Director	December 2, 2021	150,000	\$0.65	\$0.40
Alex Tsakumis	Officer	May 18, 2022	75,000	\$0.59	\$0.40
Ben Whiting	Officer	May 18, 2022	125,000	\$0.59	\$0.40
Gary Cope	Director	May 18, 2022	150,000	\$0.59	\$0.40
Melissa Martensen	Officer	May 18, 2022	125,000	\$0.59	\$0.40
Alex Tsakumis	Officer	February 15, 2023	75,000	\$0.79	\$0.40

Name of Optionee	Title	Expiry Date	Number of Options	Current Exercise Price	Proposed Re-Priced Exercise Price
Annette Cusworth	Director	February 15, 2023	50,000	\$0.79	\$0.40
Ben Whiting	Officer	February 15, 2023	100,000	\$0.79	\$0.40
Carla Hartzenberg	Officer	February 15, 2023	125,000	\$0.79	\$0.40
Darren Devine	Director	February 15, 2023	50,000	\$0.79	\$0.40
Donald Birak	Director	February 15, 2023	50,000	\$0.79	\$0.40
Gary Cope	Director	February 15, 2023	150,000	\$0.79	\$0.40
James Sabala	Director	February 15, 2023	50,000	\$0.79	\$0.40
Melissa Martensen	Officer	February 15, 2023	100,000	\$0.79	\$0.40
Thomas Wharton	Director	February 15, 2023	50,000	\$0.79	\$0.40
<b>Total</b>			<b>2,375,000</b>		

No financial assistance will be provided to the Option Holders listed above by the Company to facilitate the exercise of the Re-Pricing Options.

In order to be effective, the Option Re-Pricing Resolution must be passed by a simple majority of the votes cast by Dolly Shareholders present in person or by proxy at the Meeting excluding votes attached to Dolly Shares held by the Option Holders and any associates of the Option Holders.

"**RESOLVED**, as an ordinary resolution of disinterested Dolly Shareholders, that:

1. the Company is hereby authorized to re-price an aggregate of 2,375,000 incentive stock options previously granted to Insiders of the Company with exercise prices ranging between \$0.59 and \$0.79 to an exercise price of \$0.40 per share;
2. notwithstanding the disinterested Dolly Shareholders' approval of this resolution, the directors of the Company be and are hereby authorized without further approval of the disinterested Dolly Shareholders to revoke the resolution before it is acted upon; and
3. any one director or officer of the Company is authorized, on behalf of the Company, to execute and deliver all other documents and do all such other acts and things as may be necessary or desirable to give effect to this resolution."

The Dolly Board recommends that disinterested shareholders vote **FOR** the approval of the Option Re-Pricing Resolution. Unless otherwise instructed, the proxies solicited by management will be voted for the approval of the Option Re-Pricing Resolution.

#### OTHER MATTERS

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting and further described above. Should any other matters properly come before the Meeting, the Dolly Varden Shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on its SEDAR profile at [www.sedar.com](http://www.sedar.com). Dolly Shareholders may contact the Company at (604) 687-8566 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative annual financial statements and MD&A for its most recently completed year, which are filed on SEDAR and on the Company's website.

DATED this 16<sup>th</sup> day of May, 2019.

### **ON BEHALF OF THE BOARD**

*"Gary Cope"*

CEO, President and Director

**APPENDIX A  
AUDIT COMMITTEE CHARTER**

**Objectives**

The Audit Committee will assist the Board of Directors in fulfilling its oversight responsibilities for:

1. the financial reporting process;
2. the system of internal control over financial reporting;
3. the audit process;
4. compliance with legal and regulatory requirements; and
5. the processes for identifying, evaluating and managing the company's principal risks impacting financial reporting.

**Membership**

The Board of Directors shall appoint annually from among its members an Audit Committee to hold office for the ensuing year or until their successors are elected or appointed.

The Audit Committee shall be composed of at least three directors, and not more than five directors, at least a majority of whom shall be "independent" and "financially literate" (as such terms are defined in National Instrument 52-110 – Audit Committees).

The Board of Directors may from time to time designate one of the members of the Audit Committee to be the Committee Chair and, unless otherwise determined by the Board, the Secretary of the Corporation shall be the Secretary of the Audit Committee.

**Meetings and Participation**

The Audit Committee shall meet at least once per quarter, or more frequently as circumstances dictate. Any member of the Audit Committee or the external auditor may call a meeting of the Audit Committee. The auditors shall be entitled to attend all meetings and be heard thereat.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The agenda will be set by the Audit Committee Chair in consultation with other members of the Audit Committee, the Board of Directors and senior management.

No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present. A quorum for meetings of the Audit Committee is a majority of its Members.

The Audit Committee shall keep minutes of its meetings in which shall be recorded all action taken by it, which minutes shall be approved by Audit Committee members and available as soon as possible to the Board of Directors.

### **Duties, Powers, and Responsibilities**

The Audit Committee is hereby delegated the following duties and powers, without limiting these duties and powers, the Audit Committee shall:

#### **(a) Financial Reporting**

- Review and recommend for approval to the Board of Directors the annual Financial Statements and the annual MD&A.
- Review the Annual Report, if prepared, for consistency with the financial disclosure referenced in the annual Financial Statements.
- Be satisfied as to the adequacy of procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from annual or quarterly financial statements and periodically assess the adequacy of such procedures.
- Review and approve quarterly financial statements and the quarterly MD&A.
- Review significant issues affecting financial reports.
- Review emerging IFRS developments and changes to accounting policies that could affect the financial disclosures of the Corporation.
- Understand how management develops interim financial information and the nature and extent of external audit involvement.
- In review of the annual and quarterly financial statements, discuss the quality of the Corporation's accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.
- Review and approve any earnings guidance to be provided by the Corporation.

#### **(b) Internal and Disclosure Controls**

- Consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control.
- Review and approve corporate signing authorities and modifications thereto.
- Review with the auditors any issues or concerns related to any internal control systems in the process of the audit.

- Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.
- Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Such procedures are appended hereto as Appendix A.
- Review with management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments, and adequacy of financial provisions, that could materially affect financial reporting.
- Review with the Chief Executive Officer and the Chief Financial Officer the Corporation's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
- Discuss with the Chief Executive Officer and the Chief Financial Officer all elements of certification required pursuant to National Instrument 52-109.
- Approve all material related party transactions in advance; materiality is set at \$1 for such matters.

(c) **External Audit**

- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- Review and approve the audit plans, scope and proposed audit fees.
- Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Corporation.
- Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.
- Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within IFRS that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.
- Receive an annual report from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or

professional authorities, within the preceding five years, respecting one or more audits carried out by the firm, and any steps taken to deal with any such issues.

- Ensure regular rotation of the lead partner and reviewing partner.
- Evaluate the performance of the external auditor and the lead partner annually.
- Recommend to the Board of Directors: (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and (ii) the compensation of the external auditor.
- Separately meet with the auditors, apart from management, at least once a year.

(d) **Non-Audit Services**

- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor. Pre-approval may be granted by any one member of the Audit Committee. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - The aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - Such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - Such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. Provided pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

(e) **Risk Management**

- Review and monitor the processes in place to identify and manage the principal risks that could impact the financial reporting of the Corporation.
- Ensure that Directors and Officers insurance is in place.
- Review and approve corporate investment policies.

- Assess, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board of Directors.

(f) **Other Responsibilities and Matters**

- Report through its Chair to the Board of Directors following meetings of the Audit Committee.
- Review annually the adequacy of the Charter and confirm that all responsibilities have been carried out.
- Evaluate the Audit Committee's and individual member's performance on a regular basis and report annually to the Board the result of its annual self-assessment.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- Discuss the Corporation's compliance with tax and financial reporting laws and regulation, if and when issues arise.
- Establish and maintain complaint procedures for the confidential anonymous submission of concerns regarding any questionable Corporate matters.

**Authority**

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Audit Committee at the cost of the Corporation without obtaining approval of the Board of Directors, based on its sole judgment and discretion. The Audit Committee has the authority to communicate directly with the internal and external auditors of the Corporation.

---

## Appendix A

### To Audit Committee Charter

#### Procedures for the Submission of Complaints or Concerns Regarding Accounting, Internal Accounting Controls or Auditing Matters

1. The Corporation shall forward to the Audit Committee of the Board of Directors any complaints that it has received regarding accounting, internal accounting controls, or auditing matters.
2. Any employee of the Corporation may submit, on a confidential, anonymous basis if the employee so desires, any concerns by sending such concerns in writing and forwarding them in a sealed envelope to:

Attention: Chair of the Audit Committee  
Dolly Varden Silver Corporation  
Suite 1130 - 1055 W Hastings Street  
Vancouver, British Columbia, V6E 2E9

The envelope is to be clearly marked, "To be opened by the Audit Committee only." Any such envelopes shall be forwarded promptly to the Chair of the Audit Committee.

3. Contact information including a phone number and e-mail address shall be published for the Chair of the Audit Committee on the Corporation's website for those people wishing to contact the Chair directly.
4. At each of its meetings following the receipt of any information pursuant to this Appendix, the Audit Committee shall review and consider any such complaints or concerns and take any action that it deems appropriate in the circumstances.
5. The Audit Committee shall retain any such complaints or concerns along with the material gathered to support its actions for a period of no less than seven years. Such records will be held on behalf of the Audit Committee by the Audit Committee Secretary.
6. Appendix A shall appear on the Corporation's website as part of this Charter.

## **APPENDIX B COMPENSATION COMMITTEE CHARTER**

### **Purpose**

The purpose of the Compensation Committee is to:

- a) review and approve the corporate goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those corporate goal and objectives, and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;
- b) make recommendations to the Board with respect to non-CEO officer extraordinary bonuses, director compensation, incentive compensation plans and equity-based plans;
- c) review executive compensation disclosure before the Corporation publicly discloses this information;
- d) establish and maintain a succession plan for the CEO and CFO as well as oversee the Company's overall execution succession planning strategy; and
- e) establish policies and procedures designed to identify and mitigate risks associated with the Corporation's compensation policies and practices.

### **Composition and Qualification**

Where possible, the Compensation Committee shall consist of a minimum of three directors. All members of the Compensation Committee shall be independent directors. For greater certainty, the CEO shall not be a member of the Compensation Committee.

### **Member Appointment and Removal**

The Compensation Committee members are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee after consultation with the Chairman and the Lead Independent Director (if any) and with consideration of the desires of individual Board members. Consideration will be given to rotating the Compensation Committee members periodically. The Compensation Committee Chairman is selected by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Board may at any time remove a member from the Compensation Committee.

### **Meetings**

The Compensation Committee will meet at least once annually, or more frequently as circumstances may warrant. The Compensation Committee may meet with, and receive reports from, management. A quorum for the transaction of business at all meetings of the Compensation Committee shall be a majority of members.

Notwithstanding anything contrary set forth herein, the CEO may not be present for any portion of any meeting of the Compensation Committee at which the compensation of the CEO is deliberated or voted upon.

### **Position Description and Responsibilities for Chairman**

The Chairman of the Compensation Committee shall be an independent director appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee on

an annual basis following the election of the Directors at the Corporation's Annual General Meeting of shareholders.

The Chairman shall:

- a) work with the Chairman of the Board and the Lead Independent Director (if any), and manage the Compensation Committee, in a manner that ensures these relationships are effective and efficient and furthers the best interests of the Corporation;
- b) act as the principal sounding board and counsel for the Chairman and the Lead Independent Director (if any) with respect to compensation issues;
- c) ensure that the Chairman and if appropriate the Lead Independent Director (if any) are aware of concerns of the Compensation Committee;
- d) provide strong leadership of the Compensation Committee in reviewing and monitoring the aims, strategy, policy and directions of the Compensation Committee in order to achieve its objectives;
- e) communicate with the Board to keep it current on all major developments involving executive compensation;
- f) set the frequency of the Compensation Committee meetings and reviews such frequency as appropriate;
- g) work closely with the Chairman and the Lead Independent Director (if any) to coordinate matters to be brought forth to Board Meetings from the Compensation Committee; and
- h) chair and manage meetings of the Compensation Committee.

#### **Mandate and Responsibilities**

The Compensation Committee shall review and make recommendations to the Board concerning the following:

- a) the compensation of the CEO;
- b) extraordinary bonuses for officers other than the CEO;
- c) the compensation policy with respect to employees of the Corporation or any of its subsidiaries ensuring that the Corporation is in compliance with all legal compensation reporting requirements;
- d) management compensation programs including stock plans, incentive plans, other benefit plans and perquisites;
- e) the succession plans and process for key employees;
- f) performance appraisal and management and employee development programs;
- g) contingency plans in the event of the unexpected disability of key employees;
- h) proposed personnel changes involving officers;
- i) the adequacy and form of compensation of directors, ensuring that compensation realistically reflects the responsibilities and risks involved in being an effective director;
- j) the administration of the Corporation's Stock Option Plan; and
- k) perform any other activities consistent with this Charter and Applicable Laws as the Compensation Committee or the Board deems necessary or appropriate.

The Compensation Committee shall have the authority to delegate any of its responsibilities to subcommittees or individual members as the Compensation Committee deems appropriate.

**Authority**

The Compensation Committee shall have the authority:

- a) to engage independent counsel and other advisors including, without limitation, executive compensation consulting firms, that it considers necessary to carry out its duties;
- b) to set and pay the compensation for any advisors employed by the Compensation Committee for the purpose of carrying out its duties; and
- c) to set and pay the ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.

**Reporting**

The Compensation Committee has a duty to report to the Board all matters that it considers to be important for Board consideration.

All minutes of the Compensation Committee should be attached to the Board minutes and forwarded to each member of the Board by the Secretary in a timely manner.

## APPENDIX C

### Nominating and Corporate Governance Committee Charter

#### 1. Purpose

The purpose of the Nominating and Corporate Governance Committee is to:

- (a) develop and recommend to the Board a set of corporate governance principles applicable to the Corporation;
- (b) identify individuals qualified to become new Board members and to recommend to the Board new director nominees from time to time; and
- (c) assist the Chairman in overseeing the structure, composition and process of evaluation of the Board, its committees and individual directors.

#### 2. Composition and Qualification

- (a) The Nominating and Corporate Governance Committee shall consist of a minimum of three directors.
- (b) All members of the Nominating and Corporate Governance Committee shall be independent directors.

#### 3. Member Appointment and Removal

- (a) The Nominating and Corporate Governance Committee members are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee after consultation with the Chairman and Lead Independent Director (if any) and with consideration of the desires of individual Board members.
- (b) Consideration will be given to rotating the Nominating and Corporate Governance Committee members periodically.
- (c) The Nominating and Corporate Governance Committee Chairman is selected by the Board on the recommendation of Nominating and Corporate Governance Committee.
- (d) The Board may at any time remove a member from the Nominating and Corporate Governance Committee.

#### 4. Meetings

The Nominating and Corporate Governance Committee will meet at least once annually, or more frequently as circumstances may warrant. The Nominating and Corporate Governance Committee may meet with, and receive reports from, management.

A quorum for the transaction of business at all meetings of the Nominating and Corporate Governance Committee shall be a majority of members.

#### 5. Position Description and Responsibilities for Chairman

The Chairman of the Nominating and Corporate Governance Committee shall be an independent director appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee on an annual basis following the election of the directors at the Corporation's Annual General Meeting of shareholders.

The Chairman shall:

- (a) work with the Chairman of the Board and the Lead Independent Director (if any), and manage the Nominating and Corporate Governance Committee, in an

- effective and efficient manner which furthers the best interests of the Corporation;
- (b) act as the principal sounding board and counsel for the Chairman of the Board and the Lead Independent Director (if any) with respect to governance issues;
  - (c) ensure that the Chairman of the Board and if appropriate the Lead Independent Director (if any) are aware of concerns of the Nominating and Corporate Governance Committee;
  - (d) provide strong leadership of the Nominating and Corporate Governance Committee;
  - (e) work closely with the Chairman of the Board and the Lead Independent Director (if any) to coordinate matters to be brought forth to Board meetings from the Nominating and Corporate Governance Committee;
  - (f) communicate with the Board to keep it current on all major developments involving governance and the nomination of Directors;
  - (g) set the frequency of the Nominating and Corporate Governance Committee meetings and review such frequency as appropriate; and
  - (h) chair and manage meetings of the Nominating and Corporate Governance Committee.

**6. Mandate and Responsibilities:**

The Nominating and Corporate Governance Committee shall:

- (a) develop the Corporation's approach to corporate governance issues and ensure that:
  - (i) governance of the Corporation is implemented in compliance with the Board Mandate;
  - (ii) the Corporation's governance and the adequacy thereof is reviewed at least annually; and
  - (iii) the Corporation complies to the extent practicable with the governance guidelines set out in the Applicable Laws;
- (b) ensure that standards of ethical conduct are developed and monitored;
- (c) annually examine the size of the Board and, where appropriate, make recommendations to increase or decrease the number of directors;
- (d) annually examine the effectiveness and contribution of the Lead Independent Director (if any);
- (e) consider and recommend a desirable balance of skills and experience among Board members;
- (f) seek out and attract qualified candidates to fill Board positions;
- (g) recommend to the Board the appropriate nominees to fill vacancies on the Board or to be proposed as candidates for election as directors at the annual shareholder meeting;
- (h) ensure that new members of the Board are provided with the necessary information about the Corporation, its business and the factors which affect its performance and review and monitor the orientation of new Board members;
- (i) review and approve officers' directorships in companies other than subsidiary companies and to review directors' relationships with other outside entities with regard to potential conflicts of interest;
- (j) provide advice to the Board regarding proposed committee nominations;

- (k) recommend to the Board the appointment of the Chairman of the Board and a Lead Independent Director (if any) following the election of the directors at the annual meeting of shareholders;
- (l) ensure that the performance evaluation of the Lead Independent Director (if any) is incorporated in the Board review process, which takes place annually;
- (m) review transactions or arrangements (financial or otherwise) between the Corporation and one or more directors or officers, other than compensation decisions, and make recommendations to the Board with respect thereto; and
- (n) perform any other activities consistent with this Charter and Applicable Laws as the Nominating and Corporate Governance Committee or the Board deems necessary or appropriate.

The Nominating and Corporate Governance Committee shall have the authority to delegate any of its responsibilities to subcommittees or individual members as the Nominating and Corporate Governance Committee deems appropriate.

#### **7. Authority**

The Nominating and Corporate Governance Committee shall have the authority:

- (a) to engage independent counsel and other advisors, including without limitation any search firm to be used to identify director candidates, that it determines are necessary to permit it to carry out its duties;
- (b) to set and pay the compensation for any advisors employed by the Nominating and Corporate Governance Committee; and
- (c) to set and pay the ordinary administrative expenses of the Nominating and Corporate Governance Committee that are necessary or appropriate in carrying out its duties.

#### **8. Reporting**

- (a) The Nominating and Corporate Governance Committee has a duty to report to the Board all matters that it considers to be important for Board consideration.
- (b) All minutes of the Nominating and Corporate Governance Committee should be attached to the Board minutes and forwarded to each member of the Board by the Secretary in a timely manner.