



DOLLY VARDEN SILVER CORPORATION
For the year ended December 31, 2013
Management's Discussion and Analysis

Description of Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with our audited financial statements for the year ended December 31, 2013. This MD&A contains forward-looking information and statements, which are based on the conclusions of management. The forward-looking information and statements are only made as of April 24, 2014, the effective date of this MD&A.

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

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

Forward Looking Statements

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

Company Overview

The Company is a Canadian-based resource exploration company in the business of acquiring, exploring, and developing exploration and evaluation assets. The Company currently has no producing properties and consequently no operating income. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to

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successfully complete the exploration and development of those reserves and upon future profitable production. It is the intention of the Company to obtain financing through access to public equity markets, debt and partnerships or joint ventures as sources of funding for its exploration expenditures and to meet ongoing working capital requirements.

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

Description of Properties

The following are summaries of acquisition costs, exploration expenditures, and write-downs in exploration and evaluation assets for the year ended December 31, 2013:

	Balance as at December 31, 2012	Dolly Varden Property	Iskut Property	Musketeer Property	Balance as at December 31, 2013
Acquisition Costs					
Finders' fees	\$ 62,500	\$ -	\$ -	\$ -	\$ 62,500
Legal fees	82,520	-	-	11,406	93,926
Property acquisition	2,546,801	-	-	350,000	2,896,801
Total acquisition costs	\$ 2,691,821	\$ -	\$ -	\$ 361,406	\$ 3,053,227
Exploration Costs					
Assay	\$ 117,340	\$ 134,635	\$ -	\$ -	\$ 251,975
Camp, food, supplies & misc.	688,418	272,180	-	-	960,598
Claim maintenance	73,608	45,827	-	196	119,631
Data and sampling analysis	218,695	123,947	-	-	342,642
Depreciation	123,503	65,633	-	-	189,136
Drilling	815,229	317,155	-	-	1,132,384
Equipment, warehouse rental	451,845	277,572	-	-	729,417
Field labour and support	614,025	125,247	-	-	739,272
Field project and management	1,557,955	855,630	-	-	2,413,585
Fuel	271,364	107,067	-	-	378,431
Geological and geoscience consulting	1,026,536	585,169	-	-	1,611,705
Geotechnical studies	250,410	176,520	-	-	426,930
Mapping and modelling	370,635	353,988	-	-	724,623
Road and drill pad preparation	497,375	108,181	-	-	605,556
Site preparation	61,578	85,940	-	-	147,518
Survey and assessment	357,070	23,753	-	-	380,823
Transport, travel & accommodation	1,126,940	561,077	-	-	1,688,017
Cost recovery - BC METC ⁽¹⁾	-	(2,105,394)	-	-	(2,105,394)
Total exploration costs	\$ 8,622,526	\$ 2,114,127	\$ -	\$ 196	\$ 10,736,849
Write-down of Exploration and Evaluation Assets	\$ -	\$ -	\$ (93,031)	\$ -	\$ (93,031)
Total Exploration and Evaluation Assets	\$ 11,314,347	\$ 2,114,127	\$ (93,031)	\$ 361,602	\$ 13,697,045

⁽¹⁾ Refers to the BC Mining Exploration Tax Credit, a government assistance program that gives refundable tax credits at 20% of certain qualified mining exploration expenditures. The amount represents the tax credit assessed for the 2011 (\$558,453) and 2012 (\$865,279) fiscal years, and the amount filed for the 2013 fiscal year (\$681,662).

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Dolly Varden Property

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

A company in which a former director (until July 26, 2013) holds an indirect 20% interest, holds the 2% NSR and holds a License agreement for use of nearby property at a monthly cost of \$2,500 through to June 30, 2014. Other directors no longer have any entitlement of interest in the company that holds the 2% NSR and License agreement.

The Company has entered into a Master Services Agreement (the "MSA") on September 1, 2012 with Cambria Geosciences Inc. (Paul McGuigan, VP Exploration) ("Cambria") for ongoing exploration. Under the MSA, Cambria provides a range of geological and geosciences services as well as project management. The MSA includes an additional 4% overall fee on costs related to the project. Upon signing the MSA, an additional fee of \$185,000 was paid to cover retroactive project management costs. It has not been determined if Cambria Geosciences Inc. will participate in the 2014 work program.

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

The main property comprises an area of 8,800 hectares and includes the Dolly Varden and Big Bulk claims located in or near to Kitsault Valley, northwestern British Columbia.

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

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

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

1. **BASAL MINERALIZATION;** A thick and extensive volcanic-exhalative DVT Horizon, which locally contains very high grade silver that occurs within fine andesitic tuff at the base of the Iskut River Formation, hosting the Dolly Varden, North Star, and Torbrit silver deposits. Historic silver production totals 20 million ounces (622 t silver)
2. **VOLCANIC-SEDIMENTARY CONTACT;** A second, younger horizon, that is hosted by similar host strata to the Eskay Creek gold-silver-rich VMS deposit, with strong footwall alteration and felsic flows, tuffs, and sediments, that occurs about 300-400 meters above the base of the Iskut River Formation. This horizon hosts the Wolf deposit, and several mineralized prospects, such as the prominent Red Point and Gold belt zones that are prospective for Eskay-type Au-Ag rich VMS deposits.

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

The Company has now conducted two generations of helicopter-borne geophysical surveys: in 2010, an AeroTEM II, magnetic and radiometric survey; and in 2012, a new ZTEM and Magnetic survey. Importantly, provisional 2D inversion of the Geotech ZTEM Resistivity data has mapped the response of the footwall strata of the Torbrit silver deposits and also given a reliable and consistent interpretation of the important upper unit of the Iskut River Formation (Salmon River formation). The Company's assembled 3D data and the newly obtained 2D Resistivity modeling has been integrated into a powerful new 3D model of the exploration targets on the Property.

The Company continued with a balanced mineral exploration effort on the Property in 2013. Field crews mapped and sampled mineral showings and key lithologies across the entire Iskut River formation on the Property. Iskut River formation is the current Geological Survey of Canada nomenclature in the region for volcanic and sedimentary formations that fill the multiple sub-basins of the Eskay Rift. Combined with the new mapping at the Torbrit and the Dolly Varden, the following very significant conclusions can be supported:

1. The volcanic units of the Iskut River formation on the property are about 300 to 400m thick. DVT Horizon exhalite locally is the base of the volcanic unit. Eskay-type Au-Ag VMS occurrences are found at the top of this volcanic unit at several locations, but remain largely untested.
2. At Dolly Varden, high-grade silver mineralization in veins and stockwork spans almost the entire vertical range of the basal volcanic unit.
3. At the Wolf, and now Torbrit, fault and graben-related silver rich veins and stockworks are feeders for Eskay-type VMS and exhalite. In the case of Wolf, the "Contact Horizon" with sediments is mineralized by a local vent that overlies the linear vein and stockwork system. At Torbrit, our 2013 diamond drilling shows that the VMS-exhalite is vented and deposited next to an active fault and graben system. Stratabound VMS and exhalite occurs over a vertical range of 250 m.

Work completed during the 4th quarter, included data compilation and integration of the 2013 program results into the company's extensive historic data base. The main objective of the work was to identify the most prospective drill ready targets for inclusion into a proposed 2014 work program. Through this recent geoscience modeling and ongoing interpretation, the Company has focused its primary advanced exploration target areas on three corridors within the Dolly Varden property. Work is now being done to prioritize the most prospective drill-ready targets within these corridors. The corridors and targets were chosen for their potential to best expand areas of known high-grade silver mineralization, and to identify new Eskay-Creek style precious metals deposits.

The three targeted corridors are the 1) Torbrit-Red Point Corridor – following known silver mineralization underneath Red Point, an Eskay-Creek style target; 2) Musketeer Corridor – which runs along the East side of the Kitsault river with numerous Ag-rich epithermal vein-type showings with strong potassic radiometric signatures; and 3) Wolf-Surprise Corridor where an Eskay-Creek style host-formation containing silver-rich VMS mineralization was identified by the Company's 2011 drill program.

Musketeer Property

The Company has entered into an option agreement with Musketeer Developments Ltd. and certain other parties to obtain a 100% interest in the Musketeer Property. This agreement marks the Company's full consolidation of all of the major developed silver prospects, and past producing mines in the Upper Kitsault Valley. This acquisition will allow the Company to follow the extensions of the Torbrit mine northward onto the Musketeer ground. The Musketeer property is comprised of both fee simple and undersurface mineral interests. The Company's 100% owned Dolly Varden silver property completely surrounds the Musketeer. Importantly, mineral tenures of the Company's historic silver deposits at Dolly Varden, Torbrit, North Star are contiguous with the southern boundary of the Musketeer, while the Wolf tenure adjoins the northern boundary of the Musketeer.

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The Musketeer is underlain by Lower to Middle Jurassic Hazelton group volcanic and sedimentary rock units. Within the Hazelton group stratigraphy, historic drilling has shown that stratiform deposits of the combined Dolly Varden – North Star – Torbrit type plunge northward toward, and are in close proximity to the southern boundary of the Musketeer projected to be at moderate depths. Limited historical work has been completed on the Musketeer, with additional areas of interest including surface prospects at Kitsol, South Musketeer, and North Musketeer. The Company intends to explore those shallow seated prospects in 2014 in parallel with the deeper Torbrit mine down-plunge targets.

The Company had not incurred any significant exploration costs on the Musketeer Property during the year.

Iskut Property

On January 30, 2012 the Company, as part of the amalgamation with Twin, acquired 100% ownership of the Iskut Property located on the north side of the Iskut River in Northwestern BC. The Iskut Property consists of certain contiguous mineral tenures (2,182 hectares) that are underlain by Hazelton group volcanic rocks. The Company had not incurred any exploration costs on the Iskut Property during the year and the Company made the decision to allow the claims to lapse to focus on the Dolly Varden and Musketeer properties.

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

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Summary of Quarterly Results

The following are the selected quarterly financial information of the Company for the most recent eight fiscal quarters:

Table of Results for the Quarters of March 31, 2012 to December 31, 2013

	December 31	September 30	June 30	March 31
	2013	2013	2013	2013
Total assets	\$ 16,039,648	\$ 16,435,430	\$ 17,120,721	\$ 14,567,232
Exploration and evaluation assets	\$ 13,697,045	\$ 14,088,288	\$ 11,727,676	\$ 12,099,945
Plant & equipment	\$ 236,568	\$ 255,241	\$ 257,323	\$ 252,425
Working capital	\$ 1,447,388	\$ 1,290,685	\$ 3,950,846	\$ 1,359,257
Shareholders' equity	\$ 15,495,348	\$ 15,812,685	\$ 16,175,722	\$ 13,905,486
Interest income	\$ 1,808	\$ 13,467	\$ 13,862	\$ 1,771
Net loss	\$ (434,412)	\$ (991,073)	\$ (508,442)	\$ (347,975)
Basic loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)
Fully diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)

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

Beginning with the quarter ended March 31, 2012, relatively little in exploration costs were incurred until the third quarter of 2012, following the raise of significant capital. Significant exploration costs were also incurred in the first half of the final quarter of 2012 until winter conditions at the site prevented further exploration. However, significant E&E expenditure was incurred in the first quarter of 2013, approximately 50% for evaluation work on the property and the other 50% paid towards the option to acquire the Musketeer property. Significant exploration spending resumed towards the end of the second quarter of 2013 as the Company reopened the camp at the site and began preparations for the 2013 drilling campaign. The 2013 drilling campaign peaked in the third quarter of 2013 before winding up in late August/early September. In the final quarter of 2013 we allowed the claims to lapse on the Iskut property which we did not view as one of the areas of focus and we wrote off all the previously capitalized costs of this property, totalling \$93,031. Total assets of the Company have risen fairly steadily over the previous eight quarters as the majority of capital raised was spent on exploration and evaluation assets. The Company has maintained a positive working capital over the previous eight quarters. Operating losses over the previous eight quarters have been comparable, with the exception of the loss for the quarter ended March 31, 2012, as share-based

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compensation and the cost of public listing (both non-cash expenditures) created a large increase in that quarter's net loss, and the quarter ended September 30, 2013 as share-based compensation again created a large non-cash expenditure increase in the net loss for the quarter.

Highlights

Summer drilling commenced at the camp in July and continued until late August with fourteen holes drilled for a total of 3,063 meters. The Company's 2013 exploration program continued to find high-grade silver mineralization over wide intervals as reported in the tables above. The diamond drilling program successfully tested extensions of the historic Torbrit high-grade silver mine, with all holes intersecting the target DVT exhalite horizon with average true widths in the range of 40 meters. Mineralization remains open to the northwest and down-plunge at 40°, along the controlling "Torbrit" structure.

Through recent modeling and ongoing interpretation, the Company has focused its primary advanced exploration target areas to three corridors on the Dolly Varden property. Work is now being done to identify the most prospective drill-ready targets within these corridors. The corridors and targets were chosen for their potential to best expand areas of known high-grade silver mineralization and to identify new Eskay-Creek style precious metals deposits.

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

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

Dolly Varden Property

Total exploration costs (exclusive of tax credits) incurred during the three months ended December 31, 2013, amounted to \$489,747 (December 31, 2012 - \$2,167,800). Direct comparison of the field exploration costs from 2012 to 2013 is impacted by the timing of the field work which covered the period from late June to September 4 in 2013, and in 2012, the field program began on September 2, and operated until demobilization was complete on November 3, 2012. Included in exploration costs was \$96,615 (December 31, 2012 - \$309,220) related to geological & geoscience consulting, \$12,595 (December 31, 2012 -\$67,465) in data and sampling analysis, \$460 (December 31, 2012 - \$168,535) in field labour & support, \$117,770 (December 31, 2012 - \$303,910) in field project supervision and management, \$86,398 (December 31, 2012 - \$59,535) in mapping and modelling, \$Nil (December 31, 2012 - \$88,810) in survey and assessment costs, \$42,887 (December 31, 2012 - \$145,133) in rental equipment and warehouse costs, \$10,069 (December 31, 2012 - \$9,250) in claim maintenance costs, \$11,590 (December 31, 2012 -\$348,695) in transport, travel, and accommodation costs, \$20,296 (December 31, 2012 - \$119,977) on camp, food, supplies and miscellaneous costs, \$67,022 (December 31, 2012 - \$41,128) on assay costs, \$17,252 (December 31, 2012 - \$20,355) on depreciation, \$3,693 (December 31, 2012 - \$67,545) on fuel, \$3,100 (December 31, 2012 - \$108,690) on geotechnical studies, \$Nil (December 31, 2012 - \$105,025) on road and drill pad preparation, \$Nil (December 31, 2012 - \$41,578) on site preparation and \$Nil (December 31, 2012 - \$162,949) on drilling. As at December 31, 2013, ignoring the cost recovery of BC METC, the Company had accumulated \$12,795,817 (December 31, 2012 - \$8,576,296) in exploration costs on the Dolly Varden Property.

Iskut Property

The Company, as part of the amalgamation with Twin, acquired 100% ownership of the Iskut Property in the first quarter of 2012. During the three months ended December 31, 2013 the Company incurred \$Nil (December 31, 2012 - \$18,150) for geological and geoscience consulting, \$Nil (December 31, 2012 - \$10,440) in field project supervision and management, and \$Nil (December 31, 2012 - \$4,050) for mapping and modelling. As at December

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31, 2013, the Company had accumulated \$46,230 (December 31, 2012 - \$46,230) in exploration costs on the Iskut Property, however in December 2013, the company made the decision to allow the Iskut claims to lapse and focus instead on the Dolly Varden and Musketeer properties; as a result, the Company wrote down the capitalized costs related to the property to \$Nil. The total amount of the write-down was \$93,031.

Musketeer Property

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

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

February 14, 2014	\$233,333 (paid)
February 13, 2015	\$233,333
February 12, 2016	\$233,334

During the three months ended December 31, 2013 (December 31, 2012 – N/A), no exploration costs were incurred on the property. As at December 31, 2013, the Company had incurred \$196 (December 31, 2012 – N/A) in exploration costs on the Musketeer Property.

The Company paid the option payment due February 14, 2014 subsequent to the year end and the property is in good standing.

Operating Expenses

Administrative & Consulting fees in the three months ended December 31, 2013 were \$19,624 (December 31, 2012 - \$7,483); the increase due to the contracting of services that were previously performed by salaried staff. Depreciation of office equipment was \$1,422 (December 31, 2012 - \$Nil) on office equipment acquired in 2013. Directors' fees increased to \$28,054 (December 31, 2012 - \$Nil) as external Board members did not receive meeting and committee fees until 2013. Management fees decreased to \$45,000 (December 31, 2012 - \$57,500) as the President & CEO voluntarily reduced his fees part way through 2013 as a cost saving measure. Marketing and communication rose slightly to \$115,539 (December 31, 2012 - \$102,829) as the Company engaged in additional marketing activities in the 4th quarter. Office expense increased to \$11,763 (December 31, 2012 - \$19,692) due to required computer related expenditures. Professional fees increased significantly to \$46,054 (December 31, 2012- \$21,454) due to additional legal costs incurred during the period. Rent and maintenance decreased to \$14,355 (December 31, 2012 - \$20,752) as a previous satellite office was eliminated. Salaries and benefits decreased substantially to \$16,456 (December 31, 2012 - \$44,766) due to reduction in office staffing. Share-based compensation was similar to the prior year at \$15,875 (December 31, 2012 - \$17,046) related to the time-based vesting amortization of previous stock option grants; this amount is a non-cash expenditure. Transfer agent and filing fees were similar to the prior year at \$1,171 (December 31, 2012 - \$1,972). Travel costs increased considerably to \$52,898 (December 31, 2012-\$30,571), due to additional travel for finance/investor relations activities in the current period. Exchange loss was \$555 (December 31, 2012 – \$2,281 gain) due to the foreign currency fluctuation on the Company's US dollar denominated funds. Interest income decreased to \$1,808 (December 31, 2012 - \$4,486) on the Company's deposits as the Company held on average less cash in the current period compared to the previous year. The Company did not have any bad debt (December 31, 2012 - \$10,660) in the three months ended December 31, 2013.

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Results of Operations for the twelve months ended December 31, 2013 and 2012

Dolly Varden Property

Total exploration costs (ignoring tax credits) incurred during the year ended December 31, 2013, amounted to \$4,219,521 (December 31, 2012 - \$4,424,600). Included in exploration costs was \$585,169 (December 31, 2012 - \$709,130) related to geological & geoscience consulting, \$123,947 (December 31, 2012 - \$118,945) in data and sampling analysis, \$125,247 (December 31, 2012 - \$262,445) in field labour & support, \$855,630 (December 31, 2012 - \$799,015) in field project supervision and management, \$353,988 (December 31, 2012 - \$214,710) in mapping and modelling, \$23,753 (December 31, 2012 - \$196,832) in survey and assessment costs, \$277,572 (December 31, 2012 - \$235,904) in rental equipment and warehouse costs, \$45,827 (December 31, 2012 - \$38,031), in claim maintenance costs, \$561,077 (December 31, 2012 - \$582,360) in transport, travel, and accommodation costs, \$272,180 (December 31, 2012 - \$236,457) on camp, food, supplies and miscellaneous costs, \$134,635 (December 31, 2012 - \$100,895) on assay costs, \$65,633 (December 31, 2012 - \$79,734) on depreciation, \$107,067 (December 31, 2012 - \$127,481) on fuel, \$176,520 (December 31, 2012 - \$204,210) on geotechnical studies, \$108,181 (December 31, 2012 - \$206,025) on road and drill pad preparation, \$85,940 (December 31, 2012 - \$61,578) on site preparation and \$317,155 (December 31, 2012 - \$250,848) on drilling. As at December 31, 2013, ignoring tax credits, the Company had accumulated \$12,795,817 (December 31, 2012 - \$8,576,296) in exploration costs on the Dolly Varden Property.

Iskut Property

The Company, as part of the amalgamation with Twin, acquired 100% ownership of the Iskut Property in the first quarter of 2012. Total exploration costs (ignoring tax credits) incurred during the year ended December 31, 2013 amounted to \$Nil (December 31, 2012 - \$46,230). Included in exploration costs was \$Nil (December 31, 2012 - \$25,740) on geological and geoscience consulting, \$Nil (December 31, 2012 - \$10,440) on field project supervision and management, \$Nil (December 31, 2012 - \$4,050) on mapping and modelling, and \$Nil (December 31, 2012 - \$6,000) on survey and assessment. As at December 31, 2013, the Company had accumulated \$46,230 (December 31, 2012 - \$46,230) in exploration costs on the Iskut Property, however in December 2013, the company made the decision to allow the Iskut claims to lapse and focus on the Dolly Varden and Musketeer properties; as a result, the Company wrote down the capitalized costs related to the property to \$Nil. The total amount of the write-down was \$93,031.

Musketeer Property

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

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

February 14, 2014	\$233,333 (paid)
February 13, 2015	\$233,333
February 12, 2016	\$233,334

During the year ended December 31, 2013, \$196 (December 31, 2012 - N/A) in claims maintenance costs were incurred on the property. As at December 31, 2013, the Company had incurred \$196 (December 31, 2012 - N/A) in exploration costs on the Musketeer Property.

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The Company paid the option payment due February 14, 2014 subsequent to the year end and the property is in good standing.

Operating Expenses

Administrative & Consulting fees in the year ended December 31, 2013 increased significantly to \$97,903 (December 31, 2012 - \$69,996) due to the contracting of services that were previously performed by salaried staff. Depreciation of office equipment was \$2,845 (December 31, 2012 - \$Nil) for the equipment that the Company acquired during the year. Directors' fees increased to \$134,543 (December 31, 2012 - \$Nil) as external Board members did not receive meeting and committee fees until 2013. Management fees decreased to \$209,000 (December 31, 2012 - \$234,000) as the President & CEO voluntarily reduced his fees as a cost saving measure part way through the year. Marketing and communications costs were down to \$340,286 (December 31, 2012 - \$374,254) as the Company reduced the use of external investor relations services. Office expense decreased substantially to \$63,751 (December 31, 2012 - \$77,883) as one-time expenditures were incurred in early 2012 related to preparing the new office space. Professional fees were down substantially to \$182,103 (December 31, 2012 - \$233,830), as the Company incurred higher legal costs in its first year. Rent and maintenance decreased to \$58,420 (December 31, 2012 - \$87,782) as a previous satellite office was eliminated. Salaries and benefits were down very significantly to \$122,658 (December 31, 2012 - \$177,089) due to reduction in office staffing. Share-based compensation decreased by nearly half to \$750,726 (December 31, 2012 - \$1,487,877), the much higher amount of 2012 due to relatively higher valued stock option grants as a result of a higher share price at that time. Transfer agent and filing fees decreased very substantially to \$31,408 (December 31, 2012 - \$105,441), the much higher amount of 2012 related to the public listing of that period. Travel costs increased considerably, more than doubling to \$253,177 (December 31, 2012 - \$125,522), due to additional travel for financing/investor relations activities in the current period. Exchange gain was \$41 (December 31, 2012 - \$4,874 loss) due to the foreign currency fluctuation on the Company's US dollar denominated funds. Interest income increased to \$30,908 (December 31, 2012 - \$17,043) on the Company's deposits as the Company held more cash on average in the current period compared to the previous year. The Company did not have any bad debt (December 31, 2012 - \$10,660) or cost of public listing (December 31, 2012 - \$1,854,417) in the current year.

Liquidity and Capital Resources

At December 31, 2013, the Company's working capital was \$1,447,388 (December 31, 2012 - \$491,314). The source of cash has been solely from equity financing.

As at December 31, 2013, the Company had a cash balance of \$358,619 (December 31, 2012 - \$1,270,135) to settle current liabilities of \$502,300 (December 31, 2012 - \$1,145,293). The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. At this time, the Company has sufficient cash to pay all of its current liabilities. There is no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

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The following financial data is derived from the Company's financial statements for the years ended December 31, 2013, 2012, and 2011:

	2013 \$	2012 \$	2011* \$
Revenue (interest income)	30,908	17,043	-
General and administrative expenses	(2,246,779)	(4,843,625)	(1,744,296)
Loss and comprehensive loss	(2,281,902)	(4,808,582)	(1,658,796)
Basic and diluted loss per common share	(0.02)	(0.06)	(0.03)
Working capital	1,447,388	491,314	2,719,266
Exploration and Evaluation assets	13,697,045	11,314,347	6,796,716
Total assets	16,039,648	13,409,986	10,283,060
Total liabilities	544,300	1,145,293	421,786

* March 4, 2011 (inception) to December 31, 2011

The Company's projects are at the exploration stage and have not generated any revenue other than interest earned. At December 31, 2013, the Company had not yet achieved profitable operations and has a deficit of \$8,749,280 (2012 - \$6,467,378). These losses resulted in a net loss per share for the year ended December 31, 2013 of \$0.02 (2012 - \$0.06).

Transactions with Related Parties

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

	Year ended December 31, 2013	Year ended December 31, 2012
Allen Ambrose, Director		
Director's fees	\$ 25,070	\$ -
Share-based compensation (stock options)	-	142,141
	<u>25,070</u>	<u>142,141</u>
Allan Marter, Director		
Director's fees	\$ 30,066	\$ -
Share-based compensation (stock options)	-	195,810
	<u>30,066</u>	<u>195,810</u>
Connie Norman, Corporate Secretary		
Management & Consulting fees	\$ 22,875	\$ -
Share-based compensation (stock options)	34,500	-
	<u>57,375</u>	<u>-</u>
Daisy Duong, CFO (to June 28, 2013)		
Salaries and benefits	\$ 84,738	\$ 138,125
Share-based compensation (stock options)	-	75,808
	<u>84,738</u>	<u>213,933</u>

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George Heard, Director (from July 26, 2013)		
Director's fees	\$ 8,370	\$ -
Share-based compensation (stock options)	<u>103,500</u>	<u>-</u>
	<u>111,870</u>	<u>-</u>
Ian He, Director (from July 26, 2013)		
Director's fees	\$ 8,370	\$ -
Share-based compensation (stock options)	<u>103,500</u>	<u>-</u>
	<u>111,870</u>	<u>-</u>
Ian Smith, Director (from July 26 to December 30, 2013)		
Director's fees	\$ 9,680	\$ -
Share-based compensation (stock options)	<u>103,500</u>	<u>-</u>
	<u>113,180</u>	<u>-</u>
John King Burns, Director		
Director's fees	\$ 33,304	\$ -
Share-based compensation (stock options)	<u>-</u>	<u>142,141</u>
	<u>33,304</u>	<u>142,141</u>
Keith Margetson, CFO (from July 1, 2013)		
Management & Consulting fees	\$ 18,000	\$ -
Share-based compensation (stock options)	<u>55,200</u>	<u>-</u>
	<u>73,200</u>	<u>-</u>
Paul McGuigan, VP Exploration, or a company controlled by Paul McGuigan		
Costs included in exploration and evaluation assets	\$ 2,174,482	\$ 2,554,710
Management & Consulting fees	15,439	36,090
Share-based compensation (stock options)	<u>-</u>	<u>189,521</u>
	<u>2,189,921</u>	<u>2,780,321</u>
Ron Nichols, CEO, or a company controlled by Ron Nichols		
Management & Consulting fees	\$ 209,000	\$ 234,000
Share-based compensation (stock options)	<u>-</u>	<u>189,521</u>
	<u>209,000</u>	<u>423,521</u>
Rosie Moore, Director (from July 26, 2013)		
Director's fees	\$ 8,369	\$ -
Share-based compensation (stock options)	<u>103,500</u>	<u>-</u>
	<u>111,869</u>	<u>-</u>
Theo Sanidas, Director, or a company controlled by Theo Sanidas or a company to which Theo Sanidas has an indirect interest (to July 26, 2013)		
Costs included in exploration and evaluation assets	\$ 17,500	\$ 30,000
Director's fees	11,314	-
Consulting fees	-	12,000
Share-based compensation (stock options)	<u>-</u>	<u>142,141</u>
	<u>28,814</u>	<u>184,141</u>
Total related party transactions	\$ 3,180,277	\$ 4,082,008

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At December 31, 2013, included in accounts payable and accrued liabilities is \$158,141 owed to Cambria Geosciences Inc. (Paul McGuigan, VP Exploration) (December 31, 2012 - \$1,031,858), \$134,543 owing to the external Board of Directors (December 31, 2012 - \$Nil) for directors' fees. An additional \$14,536 was owed to two companies owned by officers, an officer and two directors (December 31, 2012 - \$Nil).

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

Certain directors, namely John King Burns and Paul McGuigan no longer have any entitlement of interest in the Company that holds the 2% NSR and License agreement on the Dolly Varden property. Only Mr. Theo Sanidas had entitlement of interest in the Company that holds the 2% NSR and License agreement on the Dolly Varden property. However, Mr. Sanidas ceased to be a director on July 26, 2013.

Financial Instruments and Risk Management

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

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

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

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

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

Financial instruments

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

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

Credit risk

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

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing through the issuance of additional securities, the entering into credit facilities or the entering into joint ventures, partnerships or other similar arrangements. As at December 31, 2013, the Company had a cash balance of \$358,619 to settle current liabilities of \$502,300. The Company's current policy is to invest excess cash in demand Guaranteed Investment Certificates issued by its banking institutions.

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Interest rate risk

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

Price risk

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

Other risks

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

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

Exploration, Development and Production Risks

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

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evaluation assets may have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's exploration and evaluation assets are located, which are subject to poor climate conditions. The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its exploration and evaluation assets and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Substantial Capital Requirements

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

Competition

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

Volatility of Mineral Prices

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

Mineral Reserves / Mineral Resources

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

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processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Recent Global Financial Conditions

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

Environmental Risks

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

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

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

Reliance on Key Personnel

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

Conflicts of Interest

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act

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(British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date hereof, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company except as otherwise disclosed in this MD&A.

Dividends

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

Substantial number of authorized but unissued shares

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

Permits and Licenses

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

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

Title Risks

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

Limited Operating History

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

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Uninsured Risks

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

Unforeseen Expenses

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

Accounting Standards, amendments and interpretations issued but not yet effective

The following new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2013, and have not been applied in preparing these financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In November 2013, the IASB removed the mandatory effective date of IFRS 9 which was previously effective January 1, 2015. The Company is assessing the impact of this new standard, if any, on the financial statements.

IFRIC 21 Levies (“IFRIC 21”) was issued in May 2013 and is an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. IFRIC 21 clarifies that the obligating is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and the Company is assessing the impact of this new standard, if any, on the financial statements.

Management's Responsibility for Financial Statements

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

Off Balance Sheet Arrangements

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

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Disclosure of Outstanding Share Data

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

	Common shares Issued and Outstanding	Warrants	Options
Balance at December 31, 2012	103,327,500	10,007,500	7,600,000
Expired warrants	-	(3,262,200)	-
Exercised warrants	1,532,500	(1,532,500)	-
Issued common shares	27,937,919	-	-
Issued warrants	-	1,613,750	-
Issued stock options	-	-	5,539,750
Balance at December 31, 2013	132,797,919	6,826,550	13,139,750
Expired warrants	-	(2,300,000)	-
Exercised warrants	2,700,000	(2,700,000)	-
Issued stock options	-	-	60,250
Cancelled stock options	-	-	(750,000)
Balance as at the date of this MD&A	135,497,919	1,826,550	12,450,000
