DOLLY VARDEN SILVER CORPORATION
For the year ended December 31, 2016
Management's Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Dolly Varden Silver Corporation (the "Company") for the year ended December 31, 2016. 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 5, 2017, the effective date of this MD&A.

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

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

OVERVIEW

The Company is a Canadian based mineral exploration company focused on the exploration of the Dolly Varden Silver Property located in Northwestern British Columbia, Canada. The Company owns 100% interest in the Dolly Varden Silver Property, subject to 2% net smelter return ("NSR") and has an option to acquire 100% interest in the Musketeer property, which is an internal claim group to the Dolly Varden Project.

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

HIGHLIGHTS AND SIGNIFICANT EVENTS

- On February 3, 2016, the Company drew the final $500,000 loan tranche of the total $2 million facility first arranged in September 2015.

- On June 13, 2016, the Company announced it had arranged a new short-term loan of $2.5 million, to be used to pay down the existing $2 million facility and for working capital purposes.

- On June 27, 2016, Hecla Mining Company announced that it would make an unsolicited takeover bid for all the issued and outstanding shares of the Company that it did not own for $0.69 cash per share, subject to a minimum tender condition that more than 50% of the shares are tendered.

- On July 4, 2016, the Company announced it had formed a Special Board Committee to review and evaluate the Hecla Mining Company Offer.

- Also, on July 4, 2016, the Company repaid in full the loan facility of $2 million first advanced in September 2015.

- On July 5, 2016, the Company announced the intention to undertake a private placement to raise gross proceeds of up to $6 million.

- On July 8, 2016, Hecla Mining Company filed a formal takeover bid circular to purchase all the outstanding shares of the Company as first announced on June 27, 2016.

- On July 11, 2016, the Company responded to the formal takeover bid by Hecla Mining Company and advised shareholders not to take any action with respect to the Hecla offer until it had completed a thorough review of the offer and other alternatives.

- On July 25, 2016, the Company prevailed at joint hearings held by the British Columbia Securities Commission and the Ontario Securities Commission with respect to a request by Hecla Mining Company to stop the Company from completing the private placement first announced on July 5, 2016. Immediately following the decisions made by the two securities commissions, Hecla Mining Company announced the withdrawal of its bid for the shares of the Company.

- On July 26, 2016, the Company closed the private placement first announced on July 5, 2016 and raised gross proceeds of $7,195,591 through the sale of 9,115,861 common shares at a price of $0.62 per share and 2,142,857 flow-through shares at a price of $0.70 per share.

- On August 12, 2016, the Company repaid in full the short-term loan of $2,500,000 it had announced it had arranged on June 13, 2016.

- On August 17, 2016, the Company announced the hire of a new Vice President of Exploration, Rory Kutluoglu, to replace Ron Nichols who was resigning.

- On August 26, 2016, the Company appointed Darren Devine as Chairman to the board of directors.

- On September 15, 2016, the Company reported it had begun the 2016 field program with the intention to complete approximately 2,200 meters of core drilling.

- On October 17, 2016, the Company announced the results of its AGM held on October 7, 2016, and that Annette Cusworth and James Sabala were elected to the board of directors.

- On November 23, 2016, the Company announced the results from its 2016 field program, consisting of 13 drill holes for a total of 2,311 meters of drilling, five at Torbrit, seven at Ace-Galena, and one at Chance. Drilling confirmed the growth potential of the Torbrit resource area and verified the mineralization potential on Ace-Galena.

- On December 6, 2016, the Company appointed Gary Cope, President and CEO and director of the board and announced that Rosie Moore was stepping down as Interim President and CEO and director.

- Also on December 6, 2016, the Company announced the intention to raise up to $3 million from a private placement.

- On December 14, 2016, the Company appointed Stephen Brohman as Chief Financial Officer and Melissa Martensen as Corporate Secretary and announced that respectively Alain Voisin and Connie Norman were stepping down from those positions.

- On December 19, 2016, the Company announced the completion of the private placement announced earlier in the month, raising gross proceeds of $3 million from the sale of 781,250 common shares at a price of $0.64 per share and 3,472,222 flow-through shares at a price of $0.72 per share.

- On January 3, 2017, the Company appointed Ben Whiting, P. Geo., Vice President, Exploration and announced that Rory Kutluoglu was stepping down from that position.

- Subsequent to the year end, on February 28, 2017, the Company completed a private placement, raising gross proceeds of $2 million through the sale of 1,369,863 common shares at a price of $0.73 per share and 1,176,470 flow-through shares at a price of $0.85 per share.

MINERAL PROPERTIES

Dolly Varden Project ("DV Project")

The DV Project contains the core of the historic silver-rich Dolly Varden Mining Camp north of Alice Arm, within the regionally important and prolific Stewart Complex in northwestern British Columbia. The DV Project comprises an area of 8,800 hectares and includes the Dolly Varden and Big Bulk claims and an option to earn a 100% interest in the Musketeer property.

Dolly Varden Silver Properties

The DV Project encompass several historic underground workings, including the Dolly Varden, North Star, Torbrit, and Wolf Mines, as well as several other showings and many mineralized prospects. The silver-rich deposits found on the DV Project are hosted in Jurassic-age volcanic and sedimentary rocks (Iskut River Formation) of the Hazelton Group. They display textural and mineralogical similarity to mineralization found in the region in subaqueous, gold-silver-rich, hot spring-type volcanogenic massive sulfide (VMS), and epithermal style deposits, such as the Eskay Creek and Brucejack deposits, respectively. The nearby Big Bulk claims host porphyry copper-gold style mineralization.

Since acquiring the DV Project in 2011, field work was dedicated to confirming and expanding the known mineralization near the historic deposits: Wolf, Dolly Varden, Torbrit, and North Star. The Company's work consisted of surface and underground mapping, underground rehabilitation, detailed sampling, data compilation from reliable historic records, and over 17,000 meters of core drilling. This data was used to complete a mineral resource estimate as outlined below.

The Company's 2014 and 2015 exploration programs conducted work on regional targets of the DV Project. The programs applied known mineralization signatures from the historic deposits northward on the DV Project toward more regional targets, where the Company's mapping and sampling shows continuation of favorable lithologies and prospective structural features coincident with geochemical anomalies, intense alteration and historic showings and workings. These exploration programs were comprised of continued surface work throughout the property, but extending outwards, particularly to the northeastern portions of the property, additional drilling in the resource areas and exploration drilling in favourable target areas.

Musketeer Properties

In 2013, the Company entered into an option agreement with Musketeer Developments Ltd. and certain other parties to obtain a 100% interest in the Musketeer Property by making option payments totalling $1,050,000 due on various defined dates. A payment was made in February 2016 of $91,000, and a payment was made in February 2017 of $102,334, with a final remaining payment due in February 2018 of $100,000. These claims are internal contiguous claims within the DV Project area. This agreement marks the Company's full consolidation of all of the major developed silver prospects and past producing mines in the Upper Kitsault Valley. Limited historical work has been completed on the Musketeer property, with additional areas of interest including surface prospects at Kitsol, South Musketeer, and North Musketeer. Two diamond drill holes tested the North Musketeer showing during the 2014 program.

2016 Exploration Program

In September 2016, the Company commenced its 2016 field campaign with work focused on the Ace-Galena and the Torbrit areas on the DV Project. Work completed during the third quarter of 2016 included collection of 240 lithogeochemical rock samples, predominantly focused in the Ace-Galena Trend and Chance Trend, with minor sampling in the Medallion area and geological mapping of the same areas. Mapping and sampling of surface alteration occurrences and anomalies provided data for further prioritization and de-risking of exploratory targets.

During the 2016 exploration program, DV mobilized a diamond drill and crew to site and have completed 2312m of drilling: 746m focused on continued exploration at the Torbrit Deposit and 1359m of drilling in the Ace-Galena Trend and 207m drilled in the Chance Trend. Five drill holes were drilled at the Torbrit Target to fill in zones within the mineral resource shapes where no data existed. This drilling confirmed growth potential of the Torbrit resource area with the intersection of multiple mineralized zones including 2.0 meters of 2,488.5 grams of silver per tonne (g/t silver) within a broader intercept of 19.4 meters grading 485 g/t silver.

In 2016, drilling on the Ace-Galena trend followed up on drilling from and moved further northward, confirming and extending the mineralized horizons an additional 300 meters along strike. Mineralization at Ace Galena is contained in a bedded, variably-calcareous sedimentary volcanoclastic package with high grade intercepts of 405.7 g/t silver over 3.25 meters encountered with drilling.

Mineral Resource Estimate

A maiden National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI43-101") compliant mineral resource estimate was released on August 27, 2015. The mineral resource estimate was completed by Giroux Consultants Ltd. and covered the four known deposits on the DV Project. The Indicated resource estimate for the Dolly Varden, North Star, Torbrit, and Wolf deposit totals 31.8 million ounces of silver within 3.07 million tonnes of material with an average grade of 321.6 grams of silver per tonne ("g/t silver"). The Inferred mineral resource totals an additional 10.8 million ounces of silver at a grade of 373.3 g/t silver within 0.9 million tonnes of material. Readers should refer to the Company's continuous disclosure documents available at www.sedar.com for more detailed information regarding the mineral resource estimate, which is subject to the qualifications and notes set forth therein.

2017 Exploration Program

On February 16, 2017, the Company announced approval for a $3.5 million exploration program on Dolly Varden, including approximately 5,000 metres of diamond drilling, geological mapping and geophysical sampling. An airborne geophysical survey is also planned for the Big Bulk Property.

Qualified Person

The Dolly Varden Property exploration program is directed by Ben Whiting, P.Geo., Vice President, Exploration, who is a "qualified person" as defined by National Instrument 43-101 and who also prepared and approved the scientific and technical information contained in this MD&A.

RESULTS OF OPERATIONS

Change in Accounting Policy

In 2015, the Company adopted a new accounting policy with respect to accounting for exploration expenditures. In prior years the Company's policy was to capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company changed its accounting policy to now expense to operations exploration expenditures as incurred, effective with the presentation of financial statements for the year ended December 31, 2015, on a retrospective basis. Accordingly, certain 2015 and 2014 comparative amounts have been restated from amounts presented previously to reflect this change in accounting policy.

For the year ended December 31, 2016

The total loss for the year ended December 31, 2016 was $4,967,952 as compared to $3,564,655 for the prior year comparative period.

Expenses for the current year amounted to $4,857,692 (2015 - $3,067,690). Exploration and evaluation expenditures of $1,631,724 (2015 - $2,106,174). Administrative and consulting fees were much higher at $131,258 (2015 - $88,081), primarily due to the cost of advisory services to the Board and Management regarding the Hecla takeover bid. Directors' fees were higher at $192,884 (2015 – recovery of $30,595) due to the fair value change in Deferred Share Units of $86,919 as a result of the increasing share price in the period, combined with cash fees paid of $105,965, which were in part special compensation for the additional time and effort required to evaluate and combat the takeover bid. In the comparative period there were no cash fees and the amount was due to the accrual of new Deferred Share Units and the fluctuation in the fair value change in existing Deferred Share Units. Management fees were higher than the prior year at $16,000 (2015-$Nil), due to the mix of employment contracts versus management contracts from time to time. Expenditures for Marketing and communications of $214,656 (2015 - $191,758) were comparable to the prior year. Office costs were slightly lower than in 2015 at $40,819 (2015-$42,946). Professional fees were much higher at $769,586 (2015 -$195,783) due principally to the extensive legal services incurred related to the takeover bid. Rent and maintenance fees were significantly lower at $8,790 (2015-$30,155) as the Company had temporarily taken up space at no cost within Hecla Canada's offices, prior to securing its own office space late in the year. Salaries and benefits were higher than in 2015 at $428,924 (2015-$224,607), due primarily to severance amounts accrued at the end of 2016 relating to management changes. Share-based compensation was significantly higher at $1,393,157 (2015-$147,089) due to the issue of stock options in the period being larger both in quantity and in fair value per stock option than the comparative period. Transfer agent and filing fees were lower than in 2015 at $19,222 (2015-$43,527) due to non-recurring share consolidation fees incurred in the comparative period. Travel and accommodation fell to $7,560 in the current year (2015-$28,354) due to the scaling back of attendance at trade shows and other events.

Finance charges were $324,555 (2015 - $495,296) and consisted of the fair value of the 2,500,000 warrants to the lenders of the Sprott/K2 loan, which was determined to be $182,606, along with interest on the old Hecla/Gipson loan, interest on the new Sprott/K2 loan (which was paid off early but had guaranteed interest of six months) and other costs related to the Sprott/K2 loan.

The Company sold a vehicle, a boat and a generator for cash and realized a net gain on the sales of $29,355 in addition to the trade of a vehicle and a small boat in exchange for storage of core and mining equipment until December 2017. There were no disposals of equipment in 2015.

The Company recognized a recovery on the flow-through share premium of $171,429 (2015 – Nil) when the required qualifying expenditures amount of $1,500,000 for the flow-through shares issued in July 2016 were met before the end of the year. There were no shares issued in 2015.

Lastly, interest income was higher than the comparative period at $13,511 (2015-$8,418) due to the higher average cash balance held in the current year.

For the three months ended December 31, 2016

The total loss for the three months ended December 31, 2016 was $2,200,836 as compared to $1,252,673 for the prior comparative period (three months ended December 31, 2015).

Expenses for the current three month period amounted to $2,050,226 (2015 - $1,473,588). Exploration and evaluation expenditures of $1,102,063 (2015 - $1,318,197) were similar to the prior year as fall exploration programs took place in both years. Administrative and consulting fees were nearly consistent in both years $25,006 (2015 - $24,282). Directors' fees experienced a recovery of $6,720 (2015 – recovery of $37,787) due to the fair value change decrease in Deferred Share Units of $28,185 as a result of the decreasing share price in the period, combined with cash fees paid of $21,465. In the comparative period there were no cash fees and the amount was due the fluctuation in the fair value change in existing Deferred Share Units because of the decreasing share price in the period. Management fees were higher than the prior year at $16,000 (2015-$Nil), due to the mix of employment contracts versus management contracts from time to time. Expenditures for Marketing and communications of $200,492 (2015 - $2,721) were much higher as several marketing service contracts were initiated in the 4th quarter of 2016. Office costs were comparable to 2015 at $12,691 (2015-$9,235). Professional fees were higher at $40,880 (2015 -$16,390) due to increased activity in the current year relative to the prior year. Rent and maintenance fees were comparable at $6,720 (2015-$8,690). Salaries and benefits were higher than in 2015 at $265,785 (2015-$52,508), due primarily to severance amounts accrued at the end of 2016 relating to management changes. Share-based compensation was significantly higher at $372,180 (2015-$62,436) due to the issue of stock options in the period being larger both in quantity and in fair value per stock option than the comparative period. Travel and accommodation fell to $6,398 in the current quarter (2015-$15,282).

Finance charges were $Nil (2015 - $33,618) as all loans had been repaid by the 4th quarter of 2016 while interest accrued on the Hecla/Gipson loan in the comparable period of 2015.

During the 4th quarter the Company sold a vehicle for cash and realized a gain of $18,494. There were no disposals of equipment in 2015.

The Company recognized a recovery on the flow-through share premium of $171,429 (2015 – Nil) when the required qualifying expenditures amount of $1,500,000 for the flow-through shares issued in July 2016 were met before the end of the year. There were no shares issued in 2015.

Lastly, interest income was much higher than in the comparative period at $7,045 (2015-$54) due to the large average cash balance held in the 4th quarter of 2016 compared to the 4th quarter of 2015 when surplus cash was very low.

Summary of Quarterly Results

The following table summarizes selected quarterly financial information derived from the Company's financial statements for each of the eight most recently completed fiscal quarters:

		December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016
Total assets	$	8,775,087	$	7,738,249	$	4,035,559	$	4,045,373
Exploration and evaluation assets	$	3,524,092	$	3,524,092	$	3,524,092	$	3,524,092
Equipment	$	74,905	$	95,930	$	105,222	$	128,643
Working capital/(deficiency)		4,521,333		3,518,593	$	(2,252,503)	$	(2,018,655)
Shareholders' equity	$	7,933,552	$	7,229,615	$	1,467,811	$	1,725,080
Interest income	$	7,045	$	6,078	$	388	$	-
Total loss	$	(2,003,868)	$	(2,589,155)	$	(257,269)	$	(117,660)
Basic loss per share(1)	$	(0.09)	$	(0.10)	$	(0.01)	$	(0.01)
Fully diluted loss per share	$	(0.09)	$	(0.10)	$	(0.01)	$	(0.01)

		December 31, 2015		September 30 2015		June 30 2015		March 31 2015
Total assets	$	3,972,054	$	4,014,148	$	4,530,950	$	4,924,978
Exploration and evaluation assets	$	3,433,092	$	3,433,092	$	3,433,092	$	3,433,092
Equipment	$	140,262	$	149,728	$	159,195	$	168,662
Working capital	$	(1,821,614)	$	496,311	$	397,298	$	733,587
Shareholders' equity	$	1,842,740	$	3,297,543	$	4,164,994	$	4,485,933
Interest income	$	54	$	1,569	$	2,761	$	4,034
Total loss	$	(1,517,239)	$	(1,179,129)	$	(321,209)	$	(547,078)
Basic loss per share(1)	$	(0.09)	$	(0.06)	$	(0.02)	$	(0.03)
Fully diluted loss per share	$	(0.09)	$	(0.06)	$	(0.02)	$	(0.03)

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

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

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

Selected Annual Information

Year	2016	2015	2014
Net sales or total revenue	$Nil	$Nil	$Nil
Net Loss:			
(i) in total (000's)	$4,968	$3,565	$5,371
(ii) per share(1)	$0.21	$0.20	$0.35
Working Capital/Deficiency (000's)	$4,521	($1,822)	$1,343
Exploration and evaluation assets (000`s)	$3,524	$3,443	$3,240
Total Assets (000`s)	$8,775	$3,972	$5,446

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

Operating Activities

During the year ended December 31, 2016, the Company incurred exploration expenditures on the Company's mineral properties of $1,631,724 (2015 - $2,106,174); The amount was comparable to the 2015 exploration program. Large expenditures were incurred on professional fees, $769,586 (2015-$195,783), largely due to legal fees incurred to combat a hostile takeover. Other amounts such as administrative and consulting fees, $131,258 (2015-$88,081), and directors' fees, $192,884 (2015- recovery of $30,595) were significantly higher, in part due to the efforts required to combat the hostile takeover. Marketing and communications activities increased in the period to $214,656 (2015-$191,758) as several marketing service contracts were initiated in the 4th quarter. Rent and maintenance expenses experienced a decrease to $8,790 (2015-$30,155) due to cost savings efforts resulting in the Company giving up its own office and co-locating in the Hecla Canada office for the first two thirds of the year. Salaries and benefits were higher than in 2015 at $428,924 (2015-$224,607), due to changes in staffing, particularly in the last half of the year.

Investing Activities

During the year, the Company invested $91,000 (2015 - $193,333) in property acquisitions related to the option agreement on the Musketeer property. During the period, the Company sold some surplus exploration equipment for cash proceeds of $52,000 and in exchange for storage of core and mining equipment until December 2017.

Financing Activities:

During the year, the Company issued 16,195,796 common shares for gross proceeds of $10,229,334.

A private placement on July 26, 2016 raised gross proceeds of $7,151,834 through the sale of 9,115,861 common shares at a price of $0.62 per share and 2,142,857 flow through shares at a price of $0.70 per share. In connection with this private placement, 558,606 common shares and 541,205 common share purchase warrants were issued as a finder's fee. The common share purchase warrants are exercisable at $0.70 for a period of two years. An additional 101,762 common share purchase warrants were purchased by Hecla Canada Ltd. at $0.43 per warrant. Each warrant has an exercise price of $0.70 per common share and is exercisable for two years.

In July and August 2016, a total of 125,000 stock options were exercised at a weighted average price of $0.62 per share for gross proceeds of $77,500.

A private placement on December 19, 2016 raised gross proceeds of $3,000,000 through the sale of 781,250 common shares at a price of $0.64 per share and 3,472,222 flow through shares at a price of $0.72 per share. In connection with this private placement, 249,583 common share purchase warrants were issued as a finder's fee and are exercisable at $0.72 for a period of two years. The Company recorded a liability on the flow-through share premium of $277,778 for the difference between the fair market value of its common shares and the issuance price of its flow-through common shares. This has been recorded as a flow-through common share issuance liability.

During 2015, the Company did not complete any equity financings.

On September 30, 2015, the Company entered into a definitive agreement with Hecla Canada Ltd. and Robert L. Gipson for up to $2,000,000 senior secured loan facility (the "Hecla/Gipson Loan"). In the fall of 2015, the Company drew down $1,500,000 of the loan and then drew a further $500,000 in early 2016. In July 2016, the Hecla/Gipson loan was repaid in full and replaced with a new short-term loan (the "Sprott/K2 Loan") of $2,500,000. The Sprott/K2 Loan was repaid in full in August 2016.

The Hecla/Gipson Loan bore interest at the rate of 5% per annum and was repayable after one year, or earlier with no penalty. The Sprott/K2 Loan bore interest at the rate of 4% per annum and was repayable in six months, or earlier with the full 6 months interest guaranteed.

In connection with the Hecla/Gipson Loan, the Company issued 1,250,000 warrants to each lender, for a total of 2,500,000, valued at $311,678. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.30 for a period of three years from the date of issuance.

In connection with the Sprott/K2 Loan, the Company issued 1,250,000 warrants to each lender, for a total of 2,500,000, valued at $182,606. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.385 for a period of two years from the date of issuance.

Transactions with Related Parties

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

	For the year ended December 31,			
	2016		2015	
Allan Ambrose, Former Director [7]				
Directors' fees[2]	$	-	$	29,000
Share-based compensation (stock options)		-		11,176
	$	-	$	40,176
Allan Marter[1], Former Director [6]				
Directors' fees[2]	$	-	$	71,497
Share-based compensation (stock options)		-		22,353
	$	-	$	93,850
Connie Norman[1], Corporate Secretary				
Management, consulting fees, salaries and benefits	$	34,270	$	32,081
Share-based compensation (stock options)		41,997		10,735
	$	76,267	$	42,816
Ian He, Former Director [6]				
Directors' fees[2]	$	-	$	22,500
Share-based compensation (stock options)		-		11,176
	$	-	$	33,676
John King Burns, Former Director [3]				
Directors' fees[2]	$	-	$	5,338
Share-based compensation (stock options)		-		22,353
	$	-	$	27,691
Keith Margetson[1], Former CFO				
Management, consulting fees, salaries and benefits	$	-	$	21,000
Tom Wharton, Director				
Directors' fees[2]	$	48,510	$	6,667
Share-based compensation (stock options)		188,984		12,088
	$	237,494	$	18,755
Don Birak, Director				
Directors' fees[2]	$	43,362	$	6,667
Share-based compensation (stock options)		188,984		12,088
	$	232,346	$	18,755
Alain Voisin[7], CFO				
Management, consulting fees, salaries and benefits	$	17,756	$	20,650
Share-based compensation (stock options)		-		4,029
	$	17,756	$	24,679
Rory Kutluoglu, VP Exploration (from August 15, 2016)				
Management, consulting fees, salaries and benefits	$	60,000	$	-
Share-based compensation (stock options)		181,048		-
	$	241,048	$	-
Ron Nichols[1], VP Exploration, (until August 15, 2016)[4]				
Costs included in exploration and evaluation expenses	$	6,063	$	148,125
Share-based compensation (stock options)		-		4,029
	$	6,063	$	152,154
Rosie Moore, Director, Interim President & CEO [5]				
Directors' fees[2]	$	-	$	1,278
Management, consulting fees, salaries and benefits		337,500		170,323
Share-based compensation (stock options)		377,968		34,441
	$	715,468	$	206,042

	For the year ended December 31,			
	2016		2015	
Darren Devine, Director [9]				
Directors' fees	$	7,073	$	-
Share-based compensation (stock options)		87,876		-
	$	94,949	$	-
James Sabala, Director [10]				
Directors' fees	$	3,510	$	-
Share-based compensation (stock options)		87,876		-
	$	91,386	$	-
Annette Cusworth, Director [10]				
Directors' fees	$	3,510	$	-
Share-based compensation (stock options)		87,876		-
	$	91,386	$	-
Gary Cope, Director, President & CEO [1, 11]				
Management, consulting fees, salaries and benefits	$	20,000		-
Share-based compensation (stock options)		117,168		-
	$	137,168	$	-
Susan Neale, Interim CFO [12]				
Management, consulting fees, salaries and benefits	$	7,000	$	3,000
Total related party transactions	$	1,948,331	$	682,594

Note 1: or a company controlled by the individual
Note 2: includes cash directors' fees and fair value of non-cash DSUs in 2015
Note 3: Mr. Burns served as Director from January 2012 to March 2015
Note 4: Mr. Nichols served as President & CEO from Jan. 2012 to Feb. 2014 and as VP Exploration from Feb. 2014 to Aug. 2016
Note 5: Ms. Moore served as Director from July 2013 and as Director, Interim President & CEO from Jan. 2015 to Dec. 2016
Note 6: Mr. Ambrose, Mr. He and Mr. Marter resigned from the board effective September 30, 2015
Note 7: Mr. Voisin was on leave from October 2015 to July 2016 and served as CFO until Dec. 2016
Note 8: Ms. Norman served as Corporate Secretary until December 2016
Note 9: Mr. Devine was appointed Director in August 2016
Note 10: Ms. Cusworth and Mr. Sabala were appointed Directors in October 2016
Note 11: Mr. Cope was appointed Director, President and CEO in December 2016
Note 12: Ms. Neale served as interim CFO from October 2015 to July 2016

At December 31, 2016, included in accounts payable and accrued liabilities is $493,174 (December 31, 2015 - $250,523) owed to directors, officers, and former directors and/or officers of the Company. These amounts are unsecured, non-interest bearing and are due on demand.

At December 31, 2016, included in prepaid expenses is $40,000 paid to an officer of the Company (December 31, 2015 - $Nil).

Off Balance Sheet Arrangements

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

LIQUIDITY AND CAPITAL RESOURCES

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

Cash and Financial Condition

As at December 31, 2016, the Company had a working capital surplus of $4,521,333.

FINANCIAL INSTRUMENTS

The Company's financial instruments currently consist of cash, receivables, advances, deposits, and accounts payable and accrued liabilities. The fair value of cash is based on Level 1 of the fair value hierarchy. The fair value of receivables, advances, deposits and accounts payable and accrued liabilities, loans and interest payable approximate their book values because of the short-term nature of these instruments. Moreover, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

RISK FACTORS

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

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

Exploration, Development and Production Risks

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

Substantial Capital Requirements

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

Competition

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

Volatility of Mineral Prices

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

Mineral Reserves / Mineral Resources

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

Environmental Risks

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

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

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

Reliance on Key Personnel

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

Conflicts of Interest

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the

Company, as at the date hereof, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company except as otherwise disclosed in this MD&A.

Dividends

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

Substantial number of authorized but unissued shares

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

Permits and Licenses

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

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

Title Risks

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

Limited Operating History

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

Uninsured Risks

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

Unforeseen Expenses

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

OUTSTANDING SHARE DATA

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, 2015	18,268,963	2,500,000	1,355,000
Balance at December 31, 2016	34,464,759	5,892,550	2,955,000
Balance as at the date of this MD&A	37,036,092	5,892,550	2,385,000

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans 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.