

DOLLY VARDEN SILVER CORPORATION  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020

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This management discussion and analysis ("MD&A") of Dolly Varden Silver Corporation (the "Company" or "Dolly Varden") is for the year ended December 31, 2020 and is prepared by management using information available as of March 4, 2021. This MD&A should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2020 and 2019, and the notes thereto, prepared in accordance with international financial reporting standards ("IFRS") as issued by the international accounting standards board ("IASB"). This MD&A complements and supplements but does not form part of the Company's condensed interim financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 20. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

This MD&A is prepared in conformity with National Instrument 51-102F1. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

### Overview

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

The 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.

### Outlook

Dolly Varden Silver executed an aggressive exploration program that was fully funded based on preliminary plans through 2020 and will continue throughout 2021. Dolly Varden will be focusing on the highest-grade targets and will continue to explore the property for high-grade silver mineralization to expand the silver resource. While silver exploration remains the primary focus, management is highly encouraged with the geological and geochemical results for gold and copper mineralization northwest of the silver deposits and plans further exploration of this area.

After identifying numerous additional high-grade silver targets during the 2019 season, the 2020 exploration program focused on a two-fold resource enhancement strategy.

- Continued drilling to extend and expand the current 43-101 resource both at depth and along strike.
- Focused drilling on high-grade silver targets outside of the mineral resource area that will unlock the upside potential that the Dolly Varden Silver project has to offer.

Management is currently planning for 2021 utilizing the geological data from the 2020 exploration program. The 2021 program may include further underground work to extend the Torbrit resource at depth, further east of Torbrit to extend the resource along strike, additional drilling at other high priority silver targets, and further exploration work in the western "Gold Belt" alteration zone.

Highlights:

- On February 18, 2020 the Company announced the appointment of Shawn Khunkhun as president, chief executive officer and director and Robert McLeod as a director and technical advisor. In connection with the appointment the following Belcarra Group officers stepped down from their roles: Gary Cope, president and director, Ben Whiting, VP of exploration and Alex Tsakumis, VP of corporate development.
- Carla Hartzenberg resigned as chief financial officer. On March 1, 2020 the Company appointed Ann Fehr as chief financial officer and corporate secretary.
- On March 23, 2020 the Company reported that it retained a team of mining industry professionals consisting of Ryan Weymark, technical advisor, engineering, Jodie Gibson, technical advisor on geology, Marilyn Lacasse, project geologist and Alex Horsley, investor relations. Robert Van Egmond continues in his role as Chief Geologist.
- In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The Company was able to continue technical work and planning on the property; however, COVID-19 restrictions resulted in the delay in the start of the 2020 exploration program. The Company implemented COVID-19 safety protocols as defined by government regulators to protect its employees and contractors.
- In July 2020, the Company started a 10,000-meter discovery-focused and resource expansion drilling program.
- Diamond drilling commenced on July 27, 2020, expecting to be divided between 80% exploration on new targets and 20% on resource expansion.
- In September 2020 the company expanded the exploration program and added a second diamond drill. Additional drilling was planned to expand and upgrade the mineral resource and for engineering studies.
- The first set of favorable results from 9 drill holes of infill and expansion drilling were released on October 07, 2020

Highlights from Torbrit step out drilling:

- DV20-211: 351 g/t silver over 12.75 meters, including 1083 g/t silver over 2.70 meters
- DV20-213: 135 g/t silver over 37.50 meters, including 906 g/t silver over 1.00 meter

Highlights from infill drilling within the deposit to delineate high grade zones:

- DV20-217: 302 g/t silver over 31.95 meters, including 642 g/t silver over 4.00 meters

- The drilling was completed on October 17<sup>th</sup> and geological work is continuing. A total of 11,396.75 meters were drilled in 40 drill holes in 2020.
- December 7, 2020 the company acquired surface rights and fee simple lands in Alice Arm for \$150,000 in cash and \$150,000 in common shares. The lands acquired include the lands where the exploration camp, offices, logging and sampling facilities, as well as core storage areas are currently located. In addition, one parcel is located at waterfront with the potential to construct deep water loading facilities. The total package had been previously leased annually by the Company from private owners.
- During 2020 up to the date of this report the Company closed four private placements to issue 43.2 million common shares and 7.98 million warrants for gross proceeds of \$26.8 million. The Company paid \$1.28 million in finders fees as well as 845,070 brokers warrants and 418,182 finders shares related to the issuance. The Company also issued 2.59 million common shares related to the exercise of stock options for proceeds of \$938,125. Please see *Outstanding Share Capital* section below for details.
- On February 16, 2021, the company released encouraging results from the remaining assays from the 2020 drill program.
- Highlights demonstrate consistent intervals of high-grade silver mineralization at Torbrit.
  - DV20-222: 310 g/t silver over 6.00 meters
  - DV20-244: 304 g/t silver over 45.82 meters, including 648 g/t silver over 6.06 meters
  - DV20-246: 306 g/t silver over 5.10 meters, including 1,290 g/t silver over 0.60 meter

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

#### *Dolly Varden Silver Properties*

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

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

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

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

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Mineral Resource Estimate

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

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

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

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

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

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

*Preliminary Metallurgical Testing*

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

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

The current mineral resource estimate was prepared using results through the 2018 exploration program.

### 2020 Exploration Program

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

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

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

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

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

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

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

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

### *Modelling and Program Planning*

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

### Other Relevant Exploration History

Summary of Significant Exploration Work Since the 2011 Acquisition of the Consolidated DV Property by The Company:

The 2011 drilling was focused on the Wolf deposit where historic exploration adits had defined epithermal style mineralization. The drilling completed was used to model the Wolf system and to upgrade the confidence level to allow it to be included in a future Mineral Resource Estimate. Underground mapping at Torbrit was also initiated to get a better understanding of that deposit.

During 2012 exploration, a rehabilitation of Torbrit underground 1050 (feet) level and surveying of historic underground collars as well as drilling of the Dolly Varden Deposit in order to confirm geology and increase data confidence to be used in a Mineral Resource Estimate was carried out. A total of 1603m in 6 drill holes were completed at the Dolly Varden Vein confirming the structure and mineralization from historic work.

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In 2013, exploration program concentrated on the Torbrit deposit to validate historic work and acquire data for a maiden Mineral Resource Estimate. Underground rehabilitation and mapping continued to add to the data and confirmed the mineralization and structural orientation of the deposit

The Company's 2014 and 2015 exploration programs conducted work on property-wide targets of the DV Project. The programs applied known mineralization signatures from the historic deposits northward on the DV Project, 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, and exploration drilling in favourable target areas. In addition, several drill holes in 2014 were completed along the extension of Torbrit to verify a developing model to be used in a Mineral Resource Estimate.

In May 2015, the maiden Mineral Resource Estimate for the Torbrit, Dolly Varden North Star and Wolf deposits was completed (effective date May 1, 2015). This estimate used data up to the end of 2014 drilling.

The Company's 2016 exploration program focused on mapping and drilling the Ace-Galena and the Torbrit areas on the DV Project. Mapping and sampling of surface alteration occurrences and anomalies provided data for further prioritization and de-risking of exploratory targets. A total of 2,312 metres of drilling was completed in 2016; 746 metres in and around the Torbrit Deposit, 1,359 metres on the Ace-Galena Trend and 207 metres on the Chance Trend. Drilling at the Torbrit Deposit focused on completing recommendations for infill drilling made in the 2015 Mineral Resource Estimate. The drilling on the Ace-Galena trend extended the known mineralized horizons an additional 300 metres northward along strike.

In 2017, 45 drill holes were completed for a total of 15,728.5 metres. As well as validation and expansion drilling in the Torbrit Deposit and Dolly Varden Deposit areas, four new zones were discovered, including Torbrit-North, Torbrit-East, Moose-Lamb and Beginners-Luck.

The 2018 drilling program was designed to test the extent of the mineralized zones discovered in 2017 in and around the Torbrit area and infill gaps on 50m centred sections in anticipation of an Updated Mineral Resource Estimate. There was also property scale exploration carried out in areas of alteration defined from previous years of work. Mapping and sampling continued in the Western area of the property and around the Torbrit area. Two drill rigs were employed to carry out the program. In total the 2018 drilling program was comprised of 29,108 metres in 84 diamond drill holes.

Other Highlights of the 2018 drilling program can be found in the companies published NI43-101 report.

The 2019 exploration program commenced in May 2019 and the diamond drilling phase commenced on June 16, 2019. The drilling was completed on September 15, 2019. The plan was for a 10,000 to 15,000 metres program divided approximately 80% for new exploration drilling and 20% for resource areas delineation/validation/expansion. The 2019 drilling program consisted of 44 drill holes for 11,863 metres.

#### Qualified Person

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

#### Results of Operations

##### *For the Years Ended December 31, 2020 and 2019*

The total comprehensive loss for the year ended December 31, 2020 was \$7,278,320 as compared to \$4,974,983 in the same period last year, with the \$2,303,337 change primarily attributed to relative increases in exploration and evaluation costs of \$823,918, share-based compensation of \$285,841, management fees of \$281,569, marketing and communication fees of \$115,115, consulting fees of \$111,575, professional fees of \$67,558 and \$485,527 due to a lower recovery on flow-through premium. The remaining difference primarily relates to management transition costs and market price fluctuations.

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Exploration and evaluation expenditures for the year ended December 31, 2020 were \$5,245,880 (2019 - \$4,421,962). Exploration and evaluation expenditures were higher for the year ended December 31, 2020 when compared to the same period in 2019 because of drilling production delays due to poor weather conditions experienced throughout all of NW British Columbia and in addition, due to increase costs related to operations being impacted by the COVID-19 virus.

Total general and administration expenses for the current period amounted to \$2,403,983 (2019 - \$1,383,679). This \$1,020,304 increase was significantly impacted by a \$285,841 increase in share-based payments expense and an increase in the management fees of \$281,569 relative to the same period last year. The change in management fees was primarily the result of termination fees paid to the former chief executive officer. The former chief executive officer was compensated with a \$120,000 cash payment and a non-cash payment of 489,795 common shares which had a fair value of \$120,000. In addition, the change between the periods was also impacted by the following key items:

- The share-based payments expense increased to \$659,096 from \$373,255 primarily due to 3,550,000 stock options granted to directors, management, and consultants during the year ended December 31, 2020 whereas in the year ended December 31, 2019 there was a stock option repricing and there were less options issued.
- Consulting fees of \$198,079 (2019 - \$86,504) increased relative to the same period last year due to contractual termination fees paid out during the period to the former management team and increase in the investor relations consulting expenses.
- Professional fees of \$121,200 (2019 - \$53,642) increased due to higher legal and accounting expenses relative to the same period last year primarily due to legal work required to support the change in management and title searches as well as addition tax work related to the flow through share financings.
- Expenditures for marketing and communications of \$322,203 (2019 - \$207,088) were higher due to increased marketing and promotional efforts by the Company.
- Expenditures related to office and administration of \$260,966 (2019 - \$173,576) were higher for the year ended December 31, 2020 relative to same period last year primarily due to administration transition costs related to the former management team.
- Directors' fees of \$112,578 (2019 - \$64,190) consisted of cash payments of \$79,500 (2019 - \$79,500) in addition to the increase in fair value of the Deferred Share Units ("DSU") of \$24,156 (2019 - decrease of \$15,310). The fair value fluctuations of the outstanding DSUs are impacted by share price volatility.
- Rent and maintenance fees of \$75,250 (2019 - \$60,000) were higher due to administrative overlap during the transition to the new management team. The former management company was paid rent reimbursement of \$15,250 during their termination notice period.
- Transfer agent and filing fees of \$39,150 (2019 - \$29,252) were higher due to the higher number of shareholders, greater volume of share transactions, and warrants-related management work performed by the transfer agent. Also, option plan filing fee was higher due to the higher market capitalization compared to the prior year.

During the year ended December 31, 2020, the Company recognized a recovery on the flow-through share premium of \$300,001 (2019 - \$785,528). The recovery on flow-through share premium is correlated with qualifying flow through expenditures incurred in the period and the original flow-through share premium recorded. The decrease is attributed to the majority of exploration and evaluation expenditures being incurred prior to the completion of the November 2020 flow-through share issuance.

Interest income was higher during the year ended December 31, 2020, at \$82,224 (2019 - \$51,309), due to the Company maintaining a higher average cash balance over the year compared to last year.

The Company recorded Part XII.6 tax of \$10,683 (2019 - \$6,179). Part XII.6 tax is interest payable to the Canada Revenue Agency on the Company's flow-through expenditures renounced under the look-back rule in the prior year and unspent in the current year.

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*For the Three Months Ended December 31, 2020 and 2019*

The total comprehensive loss for the three months ended December 31, 2020 was \$1,801,799 whereas it was \$32,197 in the same period in the last year. The change is primarily attributed to an increase in exploration and evaluation expenditures of \$1,519,164 and higher consulting fees of \$49,540 during the three months ended December 31, 2020.

Exploration and evaluation expenditures for the three months ended December 31, 2020 were \$1,366,736 whereas there was a recovery of \$152,428 in the same period last year as a BC METC Recovery was recognized in December 2019 whereas there was no such recovery recognized for the three months ended December 31, 2020. Exploration and evaluation expenditures were higher in the quarter due to extreme weather issues and the delay in timing of the exploration program because of COVID-19 response disruption and implementation of COVID-19 related protocols.

Consulting fees for the three months ended December 31, 2020 were \$85,041 (2019 - \$35,501). Consulting fees were generally higher in the quarter due to the increase in the investor relations consulting expenses.

In addition to above, the change between the periods was impacted by the following key items:

- Professional fees of \$33,291 (2019 - \$11,149) were higher in the three months ended December 31, 2020 relative to the same period in 2019 due to additional tax compliance work required related to administration of the flow through shares as well as legal work required to support the purchase of the land where the exploration camp is situated.
- Expenditures for marketing and communications of \$83,885 (2019 - \$69,379) were higher due to changes in strategy and timing of marketing and promotional efforts by the Company relative to the same period in 2019.
- Directors' fees of \$20,670 (2019 - \$8,178) were increased compared to the same period in 2019. There was a decrease in fair value of the Deferred Share Units ("DSU") of \$795 (2019 – Decrease \$11,697) during the three months ended December 31, 2020.
- Management fees of \$108,000 (2019 - \$112,356) were comparable to the same period in 2019.
- Share-based compensation expense of \$87,780 (2019 – \$281,425) was lower because a repricing of stock options in December 2019 resulted in a one-time expense adjustment as the options were re-valued where there was no similar adjustment in 2020.

During the three months ended December 31, 2020, the Company recognized a recovery on the flow-through share premium of \$222,427 (2019 - \$387,762). The recovery on flow-through share premium is correlated with qualifying flow through expenditures incurred in the period and the original flow-through share premium recorded. The decrease is consistent with a decrease in exploration and evaluation expenditures.

Interest income was higher in the current period at \$22,980 (2019 - \$19,682), due to the Company maintaining a higher average cash balance over the three months ended December 31, 2020 when compared to the same period in 2019.



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Summary of Quarterly Results

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

As at and for the quarter ended	December 31, 2020 (Q4/20)	September 30, 2020 (Q3/20)	June 30, 2020 (Q2/20)	March 31, 2020 (Q1/20)
Total assets	\$ 28,072,373	\$ 22,742,643	\$ 14,713,752	\$ 7,735,207
Exploration and evaluation assets	4,029,234	3,726,426	3,726,426	3,726,426
Equipment	83,599	74,821	78,926	83,032
Working capital	22,453,065	17,961,404	10,339,098	3,471,519
Shareholders' equity	26,656,898	21,853,651	14,235,450	7,371,977
Interest income	22,980	24,641	16,802	17,801
Total revenue	-	-	-	-
Operating loss	(1,869,425)	(4,068,820)	(805,592)	(906,026)
Total loss and comprehensive loss	(1,801,799)	(3,830,024)	(777,565)	(868,933)
Basic and fully diluted loss per share	(0.02)	(0.03)	(0.01)	(0.01)

As at and for the quarter ended	December 31, 2019 (Q4/19)	September 30, 2019 (Q3/19)	June 30, 2019 (Q2/19)	March 31, 2019 (Q1/19)
Total assets	\$ 8,392,112	\$ 8,749,442	\$ 8,556,741	\$ 6,414,438
Exploration and evaluation assets	3,726,426	3,726,426	3,726,426	3,726,426
Equipment	87,137	90,846	95,863	100,881
Working capital	4,124,567	4,203,058	3,754,161	2,236,301
Shareholders' equity	8,029,130	8,111,330	7,667,450	6,154,608
Interest income	19,682	16,661	4,990	9,976
Total revenue	-	-	-	-
Operating loss	(436,711)	(3,331,944)	(1,588,828)	(448,158)
Total loss and comprehensive loss	(32,197)	(3,092,702)	(1,446,035)	(404,049)
Basic and fully diluted loss per share	(0.00)	(0.04)	(0.03)	(0.01)

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

The Company's drill program typically operates from May to October each year. As such, the exploration related expenses are historically highest during the quarters ending in September. COVID-19 resulted in a delay to the start of the 2020 program, but the Company was able to exceed a 10,000-meter drill program during 2020. This change of timing consequently shifted some related expenses later into the year, relative to historical spending trends. The expenses were higher in the Q1/20 and into Q2/20 relative to prior year due to a temporary increase in expenses due to new management transition. The Company expects administrative costs in the future to be comparable to historical trends but expects marketing efforts to increase. The exploration costs were higher in Q3/20 and Q4/20 relative to the same periods last year and the immediately preceding 2 quarters as two drill rigs were utilized at the end of the season to help adjust for the late start and the relatively bad weather during the 2020 program. Operational responses to COVID-19 also increased exploration costs and is not expected to continue at the same levels into the future.

Fluctuations in explorations expenses materially impacted the changes to operating losses in all periods as exploration costs as a percentage of total expenses ranged from 24% to 92%. Exploration costs in millions excluding the benefit of the BC Mining tax credit were Q1/19-\$0.23M, Q2/19-\$1.28M, Q3/19-\$3.07M, Q4/19-\$0.38M, Q1/20-\$0.21M, Q2/20-\$0.27M, Q3/20-\$3.40M, and Q4/20-\$1.37M.

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

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

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

Selected Annual Information

For the Years Ended	December 31, 2020 \$	December 31, 2019 \$	December 31, 2018 \$
Total revenue	-	-	-
Net loss	7,278,320	4,974,983	8,381,548
Basic and diluted loss per common share <sup>(1)</sup>	(0.07)	(0.08)	(0.17)
Working capital	22,453,065	4,124,567	2,635,333
Exploration and evaluation assets	4,029,234	3,726,426	3,726,426
Total non-current financial liabilities	-	-	-
Total assets	28,072,373	8,392,112	6,867,294

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

Liquidity and Capital Resources

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

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Cash and Financial Condition

As at December 31, 2020, the Company had a working capital surplus of \$22,453,065 (December 31, 2019 - \$4,124,567), which includes the liability on flow-through share issuance of \$1,157,254 (December 31, 2019 - \$255,355). The Company's working capital needs fluctuate based on exploration program requirements which place variable demands on the Company's resources and timing of expenditures. During the current year, demand on capital increased in the late summer and fall months as the 2020 drilling season started later in 2020 than in prior years.

During the year ended December 31, 2020, the Company used \$6,183,895 (2019 - \$5,697,314) of cash in operating activities. The Company had a loss of \$7,278,320 (2019 - \$4,974,983) from operations. Items not affecting cash totalling \$525,887 were added back to the loss (2019 - \$407,444 deducted from the loss) mainly due to share-based payments, revaluation of deferred share units, and the recovery on flow-through premium. The Company had changes in non-cash working capital items totalling \$568,539 (2019 - \$314,887 deducted from the loss) that were added to the loss.

During the year ended December 31, 2020, the Company raised \$25,193,559 (2019 - 6,957,915) from private placements, net of share issuance costs. In addition, the Company received \$985,525 (2019 - \$nil) pursuant to the exercise of stock options.

During the year ended December 31, 2020 purchased equipment totalling \$19,098 (2019 - \$1,378). In addition, the Company capitalized \$153,000 (2019 - \$nil) related to exploration and evaluation of assets.

Outstanding Share Data

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

As at	The date of this MD&A	December 31, 2020
Common shares issued and outstanding	130,587,861	130,547,861
Common share purchase warrants	7,983,198	7,983,198
Brokers' compensation warrants	845,070	845,070
Stock Options	5,197,500	5,237,500

Summary details of share issuances are as follows:

- Subsequent to December 31, 2020, 40,000 options were exercised at \$0.25 for a total proceed of \$10,000
- During the year ended December 31, 2020, the Company issued 2,745,500 common shares on exercise of options for proceeds of \$985,525.
- On December 11, 2020, the Company issued 192,061 common shares at a price of \$0.78 for a total of \$149,808 to acquire surface rights and fee simple lands within the community of Alice Arm located on the Pacific Ocean in Northwest BC, in support of exploration infrastructure.
- On November 16, 2020, the Company closed its private placement and raised gross proceeds of \$7,070,000 through the sale of 7,070,000 flow-shares shares at a price of \$1.00 per share and gross proceeds of \$718,983 through the sale of 807,846 common shares at \$0.89 per share. The sale of common shares was to Hecla pursuant to the ancillary rights agreement to maintain its pro rata equity interest in the Company. Total finders' fees of \$408,600 was paid to the brokers. The Company recorded a flow-through premium liability of \$1,201,900 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

- On August 21, 2020, the Company closed a private placement of units of the Company (the "Units") pursuant to which the Company issued 14,084,500 Units at a price of \$0.71 per Unit (the "Offering Price") for aggregate gross proceeds of \$9,999,995 (the "Offering"). Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable to acquire one common share (a "Warrant Share") at a price of \$1.10 per Warrant Share for a period of 24 months from the closing of the Offering. Provided that if, at any time prior to the expiry date of the Warrants, the closing price of the common shares on the TSX Venture Exchange (the "Exchange"), or other principal exchange on which the common shares are listed, is greater than \$1.75 for 10 consecutive trading days, the Company may, at the Company's discretion, and at any time going forward, within 15 days of the occurrence of such event, deliver a notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice (the "Accelerated Exercise Period"). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.
- Pursuant to the ancillary rights agreement between Hecla Canada Ltd. ("Hecla") and the Company, dated September 4, 2012, Hecla exercised its anti-dilution right in respect of the Offering and acquired 1,881,896 Units at the Offering Price for proceeds of approximately \$1,336,146 to maintain its pro rata equity interest in the Company. The Units issued to Hecla were in addition to those issued as part of the Offering.
- In connection with the Offering, the Company paid finders' fees of \$930,864 and issued 845,070 non-transferable compensation warrants (the "Compensation Warrants"). Each Compensation Warrant entitles the holder thereof to purchase one common share at an exercise price equal to the Offering Price for a period of 24 months following the closing of the Offering. The fair value of \$468,845 of 845,070 Compensation Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.28%, estimated annualized volatility of 91.51%, an expected life of 2 years, nil dividend yield, a \$0.98 share price, and exercise price of \$0.71.
- On June 10, 2020, the Company closed two private placements and raised gross proceeds of \$7,677,895 through the sale of 16,969,697 flow-shares common shares and 2,424,335 common shares. The offerings consisted of the sale of: (i) 6,969,697 flow-through common shares of the Company at a price of \$0.33 per share; (ii) 10,000,000 flow-through common shares at a price of \$0.45 per share; and (iii) the sale of 1,311,989 common shares at a price of \$0.33 per share and 1,112,346 common shares at a price of \$0.40 per share to Hecla pursuant to the ancillary rights agreement to maintain its pro rata equity interest in the Company. The Company paid a finders' fee of \$270,000 in cash and 418,182 in common shares, where the finders' shares had a fair value \$138,000.
- On February 28, 2020, the Company issued 489,795 common shares at a price of \$0.245 to the former president and Chief Executive Officer as part of his departure.
- On June 28, 2019, the Company closed its private placement and raised gross proceeds of \$3,140,270 through the sale of 12,000,000 flow-shares shares at a price of \$0.25 per share and 701,351 common shares at \$0.20 per share. The sale of common shares was to Hecla pursuant to the ancillary rights agreement to maintain its pro rata equity interest in the Company. A finder's fee was paid to Eventus Capital Corp., who received 846,000 common shares with a fair value of \$228,420, Sprott Capital Partners LP received \$9,000 and Industrial Alliance Securities Inc. received \$900. The Company recorded a flow-through premium liability of \$600,000 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.
- On September 12, 2019, the Company closed its private placement and raised gross proceeds of \$3,500,000 from the sale of 5,714,286 flow-through shares at \$0.35 per share and 5,000,000 common shares at \$0.30 per share. Pursuant to the ancillary rights agreement between the Company and Hecla, Hecla purchased 1,246,675 common shares at a price of \$0.30 per share in order to maintain its pro rata equity interest in the Company. A finder's fee was paid to Mackie Research Capital Corp., who received 583,333 common shares with a fair value of \$236,349. The Company recorded a flow-through premium liability of \$285,714 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

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Transactions with Related Parties

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

*The Company incurred the following related party transactions:*

	Expense category	For the Years Ended	
		December 31, 2020	December 31, 2019
Tom Wharton, Director	Directors' fees	\$ 15,000	\$ 15,000
Donald Birak, Director	Directors' fees	16,500	16,500
James Sabala, Director	Directors' fees	15,000	15,000
Annette Cusworth, Director	Directors' fees	15,000	15,000
Darren Devine, Chair & Director	Directors' fees	18,000	18,000
Linus Geological Ltd. <sup>(2)</sup>	Exploration expense	105,662	-
S2K Capital Corp <sup>(1)</sup>	Management fees	263,276	-
Gary Cope, Former Director, President & CEO	Management fees	272,414	280,000
Fehr & Associates CPA <sup>(3)</sup>	Management fees	51,500	-
Wharton Consulting <sup>(4)</sup>	Consulting fees	19,253	-
Birak Consulting LLC <sup>(5)</sup>	Consulting fees	3,800	-
Darren Devine, Chair & Director	Consulting fees	10,000	10,000
Ann Fehr, CFO	Share-based payments	23,823	-
Darren Devine, Chair & Director	Share-based payments	17,806	15,830
Shawn Khunkhun, President, CEO & Director	Share-based payments	279,766	-
Robert McLeod, Director & Technical Advisor	Share-based payments	79,575	-
Tom Wharton, Director	Share-based payments	-	19,402
Donald Birak, Director	Share-based payments	-	19,402
James Sabala, Director	Share-based payments	-	15,829
Annette Cusworth, Director	Share-based payments	-	15,829
Melissa Martensen, Former Corporate Secretary	Share-based payments	-	36,087
Gary Cope, Former Director, President & CEO	Share-based payments	-	43,823
		\$ 1,206,375	\$ 535,702

<sup>(1)</sup> A corporation controlled by Shawn Khunkhun, President, CEO & Director

<sup>(2)</sup> A corporation controlled by Robert McLeod, Director & Technical Advisor

<sup>(3)</sup> On March 1, the Company entered into an agreement with Fehr & Associates, a corporation wholly owned by Ann Fehr, the chief financial officer, under which fees of \$10,000 per month are paid. Effective April 1, 2020 the fee relating to the CFO services is \$4,500 and \$5,500 relates to book-keeping or administrative services

<sup>(4)</sup> A corporation controlled by Tom Wharton, Director

<sup>(5)</sup> A corporation controlled by Donald Birak, Director

<sup>(6)</sup> A Corporation controlled by Gary Cope, former President & CEO

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At December 31, 2020, fees included in accounts payable is \$20,230 (December 31, 2019 - \$11,025) owed to directors, and officers of the Company. These amounts are unsecured, non-interest bearing and are due on demand.

At December 31, 2020, included in accrued liabilities is \$51,532 (December 31, 2019 - \$27,376) accrued to independent directors for directors' fees outstanding as deferred share units.

*Other related party transactions are as follows:*

	For the Years Ended	
	December 31, 2020	December 31, 2019
Management fees <sup>(1)</sup>	\$ 11,877	\$ 44,998
Marketing <sup>(1)</sup>	31,397	76,123
Office and administration <sup>(1)</sup>	82,800	98,787
Rent and maintenance <sup>(1)</sup>	15,250	60,000
Exploration and evaluation <sup>(1)</sup>	21,000	88,000
Share-based payments <sup>(1)(2)</sup>	8,116	55,235
<b>Total</b>	<b>\$ 170,440</b>	<b>\$ 423,143</b>

<sup>(1)</sup> Fees were paid to Belcarra Group Management Ltd., a corporation controlled by Gary Cope, the former chief executive officer and former director of the Company that provided office space, a corporate secretary, investor relations, accounting and administration staff to the Company on a shared cost basis.

<sup>(2)</sup> Share-based payments were paid to Velia Ledezma, a corporation controlled by Gary Cope, former chief executive officer and former director of the Company, and to Carla Hartzenberg, former chief financial officer of the Company, for \$18,927 and \$34,232 in addition to above, respectively.

#### Financial Instruments

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

#### Off Balance Sheet Arrangements

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

#### Proposed Transactions

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

#### Management's Responsibility for the 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 condensed interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

### Critical Accounting Estimates

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

#### *Share-based compensation*

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

#### *Estimating useful life of equipment*

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

#### *Deferred income taxes*

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

#### *Accrual of BC Mineral Exploration Tax Credit ("BC METC")*

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

### Significant Accounting Judgments

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

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

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

### Risk Factors

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

The following risk factors, in addition to the risks noted above in the "Financial Instruments and 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, access to qualified personnel and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of the Company's exploration and evaluation assets may have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's exploration and evaluation assets are located, which are subject to poor climate conditions.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its exploration and evaluation assets and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.



### *Substantial Capital Requirements*

Management of the Company anticipates that it may make substantial future capital expenditures for the acquisition, exploration, development and production of its exploration and evaluation assets. As the Company will be at the exploration stage with no revenue being generated from the exploration activities on its exploration and evaluation assets, the Company may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs.

There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly.

The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in its exploration and evaluation assets, miss certain acquisition opportunities and reduce or terminate its operations.

### *Competition*

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

### *Volatility of Mineral Prices*

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

### *Mineral Reserves / Mineral Resources*

The Company's exploration and evaluation assets are in the early exploration stage only and, though they contain current mineral resources, as disclosed on page 3 of the MD&A, they do not contain a known body of commercial minerals ('mineral reserves'). Mineral reserves are, in 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. Mineral reserve estimates for exploration and evaluation assets that have not yet commenced production may require revision based on actual production experience.

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

### *Environmental Risks*

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

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

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

### *Reliance on Key Personnel*

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

### *Conflicts of Interest*

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

*Stock Exchange Prices*

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

*Permits and Licenses*

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local 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.

#### *COVID-19 Pandemic*

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

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations and the ability of the Company to advance its projects. In particular, if any employees or consultants of the Company become infected with Coronavirus or similar pathogens and/or the Company is unable to source necessary consumables or supplies, due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of one or more of its exploration programs. The situation is dynamic and changing day-to-day. The Company is exploring several options to deal with any repercussions that may occur as a result of the COVID-19 outbreak.

#### *Other Risks*

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

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

#### Forward Looking Statements

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

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

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

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; fluctuations in metal prices; and the impact of the COVID-19 pandemic. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not a guarantee of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

#### Additional Information

Additional information about the Company, including the financial statements, is available on the Company website at [www.dollyvardensilver.com](http://www.dollyvardensilver.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).