

IMPORTANT TAX NOTICE TO U.S. SHAREHOLDERS

This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code of 1986, as amended (“IRC”) and the regulations thereunder. It should not be relevant to other shareholders.

Dolly Varden Silver Corporation, which is a Canadian based company pursuant to IRC § 368(a)(1)(F) (the “Company”) may be deemed to be classified as a Passive Foreign Investment Corporation (“PFIC”) as defined in section 1297(a) of the IRC for the taxable year beginning on January 1, 2022 and ending on December 31, 2022.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT ANYTHING CONTAINED IN THIS NOTICE CONCERNING ANY FEDERAL TAX OR OTHER ISSUE IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY PERSON OR ENTITY FOR THE PURPOSE OF: (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER, OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.

The attached PFIC Annual Information Statement contains information to enable you, should you so choose based on the advice of your tax advisors in light of your personal tax circumstances, to elect to treat the Company as a qualified electing fund (“QEF”).

THIS INFORMATION IS PROVIDED IN ORDER TO ASSIST SHAREHOLDERS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. THE U.S. TAX LAWS REGARDING PFIC’S ARE EXTREMELY COMPLEX AND SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF SHARES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER UNITED STATES FEDERAL, STATE, LOCAL OR FOREIGN LAW.

c/o Suite 3123, 595 Burrard St
Three Bentall Centre
Vancouver, BC V7X 1J1

Passive Foreign Investment Company (“PFIC”) Annual Information Statement

1. This Information Statement applies to the taxable year of Dolly Varden Silver Corporation (“**Dolly Varden**” or “the **Company**”) beginning on January 1, 2022 and ending on December 31, 2022.
2. Ordinary earnings and net capital gain of Dolly Varden for the taxable year ended December 31, 2022 and number of outstanding shares as at December 31, 2022 are as follows:
 - a. Ordinary earnings: Nil
 - b. Net capital gain: Nil
 - c. Total outstanding shares: 253,654,284

Based on the information above, please determine the pro-rata share of ordinary earnings and net capital gains, as defined in Treasury Regulation Section 1.1293-1(a)(2), attributable to your shareholdings in Dolly Varden.

3. The amount of cash and fair market value of other property distributed or deemed to be distributed by Dolly Varden to each shareholder during the taxable year specified in paragraph (1) is as follows:
 - a. Cash: Nil
 - b. Fair market value of property: Nil
4. Dolly Varden will, upon receipt of request, permit its shareholders to inspect and copy its permanent books of accounts, records, and other such documents as may be maintained by Dolly Varden that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Code, are computed in accordance with U.S. income tax principles.
5. Dolly Varden will endeavour to provide the necessary documentation to U.S. investors for future taxable years so long as it retains its PFIC status.

Date: March 3, 2023

“Ann Fehr”
By: Ann Fehr
Title: CFO & Corporate Secretary