Vancouver, British Columbia (FSCwire) - Dolly Varden Silver Corp. (TSX.V: DV | U.S.: DOLLF) (the “Company” or “Dolly Varden”) today responded to a press release from Skeena Resource Limited (“Skeena”)(TSX.V: SKE) dated August 31, 2015.

On Thursday, August 27, Skeena delivered to the Company an unsolicited proposal to acquire Dolly Varden. The proposal had a short-response deadline of 9:00 am on Monday, August 31, 2015.

The Board of Directors of Dolly Varden, after careful consideration, with the assistance of its independent financial and legal advisors, and on the recommendation of an independent Special Committee of directors, unanimously rejected the proposal by making a counter-proposal to Skeena, in good faith, on the morning of Monday, August 31. Skeena rejected that counter-proposal by way of its August 31 press release.

The reasons for the Board of Directors’ rejection of the Skeena proposal included the following:

- The Skeena proposal did not reflect the recently enhanced value of the Dolly Varden property.

On August 27, 2015, the Company announced a maiden resource estimate for its wholly-owned Dolly Varden Property in Northwestern British Columbia. This mineral resource estimate was completed by Giroux Associates Ltd. and covers the four known deposits on the property: the Dolly Varden, North Star, Torbrit, and Wolf deposits. The combined Indicated mineral resource estimate totals 31.8 million ounces of silver contained 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 estimate totals an additional 10.8 million ounces of silver at a grade of 373.3 g/t silver.

- The Skeena proposal was timed to deprive Dolly Varden’s shareholders of full value.

The timing of the Skeena offer was highly opportunistic, given that it was made less than nine hours after the Company publicly disclosed its Resource Estimate. The Company’s Board viewed the Skeena offer as an attempt to exploit the lower market price of Dolly Varden’s shares before the market could fully consider and reflect the Resource Estimate issued earlier that same day. The Board believes this timing was an effort to opportunistically transfer the upside value in the Dolly Varden property to Skeena’s shareholders at the expense of Dolly Varden’s shareholders.

- The Skeena proposal was dilutive to Dolly Varden’s shareholders.

If the Skeena proposal had been accepted, Dolly Varden shareholders would have received approximately 16% of the combined companies' shares on a fully-diluted basis, but would have contributed over 50% of the combined companies’ disclosed ounces of silver equivalent mineralization in all categories. (In particular, the Company’s board compared the NI 43-101 compliant Resource Estimate for the Dolly Varden property of 31.8 million ounces of Indicated silver resources and 10.8 million ounces of Inferred silver resources with the “inferred” non-NI 43-101 compliant “resource” disclosed for Skeena’s Spectrum Property of 614,000 tonnes, grading 12.3 g/t gold, at a 5.0 g/t cut-off for 243,600 ounces of gold - or approximately 18.9 million silver equivalent ounces at current spot prices).

- The Skeena proposal was highly conditional.

The Skeena proposal was highly conditional, with a broad range of grounds upon which Skeena could decline to proceed with its offer. Accordingly, the Dolly Varden Board was concerned that the proposal was, effectively, non-binding on Skeena and constituted little more than the grant to Skeena of an option to acquire Dolly Varden.

- A superior alternative is expected to emerge.

Over the past month, the Special Committee of the Company’s Board (comprised of Tom Wharton, Allen Ambrose, Don Birak and Allan Marter), together with Dolly Varden’s management team and financial and legal advisors, have been aggressively working to advance a range of strategic alternatives to enhance shareholder value which are, in the opinion of the Board of Directors, after having received independent financial and legal advice and on the recommendation of an independent Special Committee, superior to the Skeena proposal.

Dolly Varden’s Board continues its focused efforts to move forward with a strategic alternative, and welcomes all commercially reasonable opportunities to enhance shareholder value.

Dolly Varden Shareholders are required to take no action in response to Skeena’s press release.

Primary Capital Inc. are acting as financial advisors to Dolly Varden and Borden Ladner Gervais LLP are acting as its legal advisers.

Dolly Varden Property Resource Estimate

Summary of Mineral Resources at a 150 g/t silver cut-off grade*

*For a summary of Resource Estimate Methodology see the Company’s news release dated August 27, 2015 or view the Technical Report for full detail (when filed on SEDAR).

About Dolly Varden - Dolly Varden Silver Corp. is a mineral exploration company focused on the exploration of the Dolly Varden silver property located in northwestern British Columbia, Canada. The entire Dolly Varden property is considered to be highly prospective for hosting high-grade precious metal deposits, since it comprises the same structural and stratigraphic setting that host numerous other, on-trend, high-grade deposits (Eskay Creek, Brucejack). The Company’s common shares are listed and traded on the TSX-V under the symbol DV and on the OTCBB system under the symbol DOLLF.

The Qualified Person for this release is G.H. Giroux, M.A.Sc., P.Eng., who has reviewed and approved the contents of this press release and prepared the mineral resource estimate herein in compliance with the standards of National Instrument 43-101. Mr. Giroux is independent of the Company. The NI 43-101 Technical Report will be finalized and filed on SEDAR in October 2015.

*Resource estimate methodology: In each of the Wolf, North Star, Dolly Varden and Torbrit deposits mineralized three dimensional solids were constructed to constrain the resource estimate. Grade distributions within these solids were examined and capping levels were applied to assay data to restrict the influence of high grade outliers. Uniform downhole composites were created to honour the solid boundaries and produce a uniform support for resource estimation. Pairwise relative semivariograms were produced where possible to quantify the grade continuity within each deposit. Blocks 5 x 5 x 5 m were compared to the solids with the percentage of the block within the mineralized solids, below overburden, and within any underground development recorded. All underground development was assumed to be within the mineralized solids when both were detected within a block. Grades for silver were interpolated into blocks containing some percentage of mineralized solid by Ordinary Kriging. The interpolation was completed in four passes using an expanding search ellipse with its dimensions tied to the semivariogram range. Blocks were classified as Indicated or Inferred based on geologic and grade continuity.

FORWARD-LOOKING STATEMENTS:

This release may contain forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Dolly Varden to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward looking statements or information relates to, among other things, the outcome of discussions with a third party on a strategic alternative, the Company’s receipt of the final resource estimate report, the final report not changing significantly from the initial report, and the Company’s plans for further exploration, which will require additional cash. These forward-looking statements are based on management’s current expectations and beliefs but given the uncertainties, assumptions and risks, readers are cautioned not to place undue reliance on such forward-looking statements or information. The Company disclaims any obligation to update, or to publicly announce, any such statements, events or developments except as required by law.

For additional information on risks and uncertainties, see the Company’s most recently filed annual management discussion & analysis (“MD&A”), which is available on SEDAR at www.sedar.com and on the Company’s website at www.dollyvardensilver.com. The risk factors identified in the MD&A are not intended to represent a complete list of factors that could affect the Company.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.

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