Management's Discussion and Analysis ("MD&A")

The financial statements of Silver Bullion Trust (the "Trust") are prepared and reported in United States ("U.S.") dollars in accordance with International Financial Reporting Standards, otherwise known as IFRS, as issued by the International Accounting Standards Board. Notes to the financial statements on pages 7 through 15 of this Annual Report should be referred to as supplementary information to this discussion and analysis.

The Trust is a passive, self-governing, single purpose, closed-end trust with voting Units established on June 8, 2009 by a Declaration of Trust, which was amended and restated on July 9, 2009. The Trust's purpose is to acquire, hold and secure silver bullion on behalf of its Unitholders. The Trust is not an operating entity nor does it have any employees, office facilities or the potential risks thereof. The Trust retains Silver Administrators Ltd. (the "Administrator") to attend to all administrative duties as delegated by an Administrative Services Agreement between the Trust and the Administrator and as guided by the Trustees.

There are no off-balance sheet items, arrangements, contingencies or obligations. All accounts are fully disclosed and itemized in the financial statements.

Financial Results – Changes in Net Assets

Changes in total equity (referred to as "net assets"), as reported in U.S. dollars, from period to period, are primarily a result of Unit offerings and the changing market price of silver. Also, changes in the value of the U.S. dollar relative to the Canadian ("CDN") dollar will have an impact on net assets when reported in CDN dollars. The tables that follow summarize the net loss including: the changes in unrealized appreciation of holdings (silver bullion) as well as the changes in net assets in U.S. dollars; silver prices; and the exchange rates between U.S. and CDN dollars on an annual or quarterly basis, as indicated (all figures in millions unless otherwise noted):

	Years ended December 31,	
	2015	***2014***
Change in unrealized appreciation of holdings	$(6.6)	$(11.1)
Net loss inclusive of the change in unrealized appreciation of holdings	$(8.4)	$(11.4)
Net loss per Unit inclusive of the change in unrealized appreciation of holdings	$(1.54)	$(2.08)
Total net assets	$42.5	$50.9
Change in net assets from prior year	$(8.4)	$(11.4)
% change from prior year	(16.5)%	(18.3)%
Net asset value per Unit	$7.78	$9.32
Change in net asset value per Unit from prior year	$(1.54)	$(2.08)
% change per Unit from prior year	(16.5)%	(18.2)%
Silver price (U.S. $ per ounce)	$13.82	$15.97
% change from prior year	(13.5)%	(18.1)%
Exchange rate: $1.00 U.S. = CDN	$1.3840	$1.1601
% change from prior year	19.3%	9.1%

In fiscal 2015, total net assets as reported in U.S. dollars decreased by $8.4 million or 16.5% during the year to a total of $42.5 million. The decrease in net assets was primarily attributable to the 13.5% decrease in the market price of silver during the year, which caused unrealized appreciation of holdings to decrease by $6.6 million. This decrease was further affected by expenses of $1.7 million, of which $1.5 million related to the unforeseen unsolicited takeover bid and Special Meeting costs, incurred during the year.

As a result of the above, for fiscal 2015, the net asset value per Unit, as reported in U.S. dollars, decreased by 16.5%, from $9.32 to $7.78. The net asset value per Unit, as reported in CDN dollars, while subject to the same factors described above, decreased by a lesser rate of 0.4%, from $10.81 to $10.77 primarily due to a 19.3% increase in the value of the U.S. dollar relative to the CDN dollar.

	Quarter ended			
2015	***Dec. 31***	***Sept. 30***	***Jun. 30***	***Mar. 31***
Change in unrealized appreciation of holdings	$(2.5)	$(3.2)	$(2.8)	$2.0
Net income (loss) inclusive of the change in unrealized appreciation of holdings	$(2.9)	$(3.9)	$(3.5)	$1.9
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	$(0.52)	$(0.72)	$(0.64)	$0.34
Total net assets	$42.5	$45.4	$49.3	$52.8
Change in net assets from prior quarter	$(2.9)	$(3.9)	$(3.5)	$1.9
% change from prior quarter	(6.3)%	(8.0)%	(6.6)%	3.7%
Net asset value per Unit	$7.78	$8.30	$9.02	$9.66
Change in net asset value per Unit from prior quarter	$(0.52)	$(0.72)	$(0.64)	$0.34
% change from prior quarter	(6.3)%	(8.0)%	(6.6)%	3.6%
Silver price (U.S. $ per ounce)	$13.82	$14.65	$15.70	$16.60
% change from prior quarter	(5.7)%	(6.7)%	(5.4)%	3.9%
Exchange rate: $1.00 U.S. = CND	$1.3840	$1.3394	$1.2474	$1.2683
% change from prior quarter	3.3%	7.4%	(1.6)%	9.3%

In fiscal 2014, total net assets as reported in U.S. dollars decreased by $11.4 million or 18.3% during the year to a total of $50.9 million. The decrease in net assets was primarily attributable to the 18.1% decrease in the market price of silver during the year, which caused the unrealized appreciation of holdings to decrease by $11.1 million. This decrease was further affected by expenses of $0.3 million incurred during the year.

As a result of the above, for fiscal 2014, the net asset value per Unit, as reported in U.S. dollars, decreased by 18.2%, from $11.40 to $9.32. The net asset value per Unit, as reported in CDN dollars, while subject to the same factors described above, decreased by a lesser rate of 10.9%, from $12.13 to $10.81 primarily due to a 9.1% increase in the value of the U.S. dollar relative to the CDN dollar.

2014	*Quarter ended* Dec. 31	Sept. 30	Jun. 30	Mar. 31
Change in unrealized appreciation of holdings	$(3.6)	$(11.8)	$2.8	$1.5
Net income (loss) inclusive of the change in unrealized appreciation of holdings	$(3.6)	$(11.9)	$2.7	$1.4
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	$(0.67)	$(2.17)	$0.50	$0.26
Total net assets	$50.9	$54.6	$66.5	$63.7
Change in net assets from prior quarter	$(3.6)	$(11.9)	$2.8	$1.3
% change from prior quarter	(6.7)%	(17.9)%	4.3%	2.2%
Net asset value per Unit	$9.32	$9.99	$12.16	$11.66
Change in net asset value per Unit from prior quarter	$(0.67)	$(2.17)	$0.50	$0.26
% change from prior quarter	(6.7)%	(17.8)%	4.3%	2.3%
Silver price (U.S. $ per ounce)	$15.97	$17.11	$20.87	$19.97
% change from prior quarter	(6.7)%	(18.0)%	4.5%	2.4%
Exchange rate: $1.00 U.S. = CDN	$1.1601	$1.1208	$1.0676	$1.1053
% change from prior quarter.	3.5%	5.0%	(3.4)%	3.9%

Financial Results – Net Income

The Trust's earned income objective is secondary to its purpose of holding almost all of its net assets in silver bullion. The Trust maintains adequate cash reserves to enable it to pay the expenses of maintaining the Trust. The Trust's realized revenues are a nominal percentage of its net assets.

The Trust expects to generate cash flow from its holdings of cash equivalents, and will only sell portions of its silver holdings if necessary to replenish cash reserves for the purposes of paying expenses and to meet redemptions (if any).

The Trust does not anticipate the payment of regular distributions. In the event of any sales of silver that result in capital gains, as indicated in Note 2(f) to the financial statements on page 9, distributions may be made.

Fiscal 2015 Compared to Fiscal 2014

Net loss, inclusive of the change in unrealized appreciation of holdings, was $8.4 million for the 2015 fiscal year compared to $11.4 million for the 2014 fiscal year. Excluding unsolicited takeover bid and special meeting costs, virtually all of this decrease was a result of the change in unrealized appreciation of holdings that resulted from a lower silver price during the year as compared to the prior year.

The decrease in net assets during the year had an impact on several expense categories that are a function of net asset levels. Administration fees, which are calculated monthly based on the total net assets at each month-end, decreased during the year as a direct result of the lower level of net assets. Similarly, safekeeping fees, stock exchange fees and some other expenses decreased, reflecting the decreased net assets under administration during the year.

The expense ratio of the Trust increased significantly as a direct result of the unforseen unanticipated one-time costs incurred for the Annual and Special Meeting held on May 20, 2015 and of costs associated with the subsequent unsolicited takeover bid by Sprott Asset Management LP. Expenses as a percentage of the average month-end net assets (the “expense ratio”) for the 2015 fiscal year amounted to to 3.59% compared to 0.49% for the 2014 fiscal year.

If not for the significant expenses of the Special Meeting and subsequent unsolicited takeover bid, the expense ratio for the year would have increased only slightly to 0.52% for the 2015 fiscal year compared to 0.49% for the fiscal year ended December 31, 2014.

Forward-looking and Market Risk Observations

The Trust is almost entirely invested in pure refined silver bullion in LBMA international good delivery bar form. Therefore, the principal factors affecting the price of its Units are factors that affect the price of silver bullion as reflected in U.S. dollars, which are beyond the Trust’s control. However, the Trust believes that such factors have a lesser impact on the Units of the Trust than on the shares of silver producers, as silver producers have considerable inherent operational costs and other risks that may result in more volatile share prices of such producers. The Trust’s net assets are denominated in U.S. dollars. As at December 31, 2015, the Trust’s assets were made up of 99.5% silver bullion and 0.5% in interest-bearing cash deposits and other working capital amounts. The Trust does not engage in any leasing, lending or hedging activities involving these assets, so the net asset value of the Units will depend on, and typically fluctuate with, the market price fluctuations of silver bullion.

Silver bullion is traded internationally and its market prices may be affected by a variety of unpredictable, international, economic, monetary and political considerations. The Trust's financial statements are prepared on a market price basis. Macroeconomic considerations include: expectations for future rates of inflation; the strength or weakness of, and confidence in, the U.S. dollar, the currency in which the price of silver is generally quoted, and the relative value of other currencies; interest rates; and, global or regional political or economic events, including banking crises. Political factors, including market interventions and international conflicts, may also affect silver prices.

Price risk

Price risk is the risk that the price of a security or physical asset may decline. It is possible to determine the impact that changes in the market price of silver will have on the net asset value per Unit both in U.S. dollars and CDN dollars. Assuming as a constant exchange rate, the rate that existed on December 31, 2015 of $1.3840 CDN for each U.S. dollar together with the holdings of silver bullion that existed on that date, a

10% change in the price of silver would have increased or decreased the net asset value per Unit by approximately U.S. $0.77 per Unit or CDN $1.07 per Unit.

Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes in foreign currency exchange rates.

When expressed in U.S. dollars, the Trust's net asset value per Unit is largely unaffected by changes in the U.S./CDN dollar exchange rate due to the fact that nearly all of the Trust's net assets are in the form of silver bullion, which is priced in U.S. dollars. For this same reason, an increase or decrease in the value of the U.S. dollar relative to the CDN dollar would change the net asset value per Unit as expressed in CDN dollars in the same direction by approximately the same percentage as the change in the value of the U.S. dollar.

Due to the limited value of transactions initiated in CDN dollars throughout the year, a strengthening or weakening of the CDN dollar relative to the U.S. dollar applied to balances outstanding at December 31, 2015 would not have had any material impact on the net loss for the year then ended, assuming that all other variables, in particular interest rates, remained constant.

Credit risk

Credit risk on financial instruments is the risk of loss occurring as a result of the default of an issuer on its obligation to the Trust. Credit risk is monitored on an ongoing basis and is managed by the Trust dealing only with issuers that are believed to be creditworthy.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to generate adequate cash resources to fulfill its payment obligations. The Administrator and the Trustees regard all of the Trust's assets as liquid. The Trust traditionally has maintained sufficient cash reserves to enable it to pay expenses. Furthermore, over 99% of its net assets are in the form of silver bullion, which is readily marketable.

Liquidity and Capital Resources

The Trust's liquidity objective is to hold cash and short-term deposits in a safe and conservative manner to generate income primarily to be applied towards expenses. As at December 31, 2015, the Trust's cash reserves, including cash equivalents, were $0.5 million compared to $0.8 million as at December 31, 2014. The ability of the Trust to have sufficient cash to pay its expenses and to meet demands for redemption (if any), is primarily dependent upon its ability to realize cash flow from its cash equivalents. Should the Trust not have sufficient cash to meet its needs, portions of the Trust's silver holdings may be sold to provide working capital and to pay for redemptions (if any) of Units. Sales of silver could result in the Trust realizing either capital gains or losses.

During the fiscal year ended December 31, 2015, the Trust's cash reserves decreased by $0.3 million. The primary sources and uses of cash were as follows:

Sources of Cash

Sources of cash include interest on cash deposits that were nominal as well as cash raised by the sale of silver bullion of $1.2 million.

Uses of Cash

During fiscal 2015, cash outflows to pay expenses totalled $1.5 million which included significant unanticipated Special Meeting costs as described in Note 14 and the unsolicited takeover bid costs as described in Note 15 of the annual report.

Administrator and Other Related Party Information

Please refer to Note 9 commencing on page 12 of this Annual Report.

Disclosure Controls and Procedures

The Senior Executive Officers have established and implemented disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Trust is disclosed on a timely basis. They believe these disclosure controls and procedures have been effective during the fiscal year ended December 31, 2015.

United States Federal Income Tax Considerations

The Trust has been, and expects to continue to be a passive foreign investment company ("PFIC") for United States federal income tax purposes. Under the PFIC rules, the United States federal income tax treatment of the Units is very complex and, in certain cases, uncertain or potentially unfavorable to United States Unitholders ("U.S. Holders"). Under current law, a non-corporate U.S. Holder who has in effect a valid election to treat the Trust as a qualified electing fund ("QEF") should be eligible for the 20% maximum United States federal income tax rate on a sale or other taxable disposition of the Trust's Units, if such Units have been held for more than one year at the time of sale or other taxable disposition. Gain from the disposition of collectibles, such as silver, however, is currently subject to a maximum United States federal income tax rate of 28%. The IRS has authority to issue Treasury regulations applying the 28% tax rate to gain from the sale by a non-corporate U.S. Holder of an interest in a PFIC with respect to which a QEF election is in effect. Although no such Treasury regulations have been issued to date, there can be no assurance as to whether, when or with what effective date any such Treasury regulations may be issued, or whether any such Treasury regulations would subject long-term capital gains recognized by a U.S. Holder that has made a QEF election on a disposition of the Trust Units to the 28% rate. U.S. Holders should be aware that if they purchase Units and make a QEF election, the IRS may issue regulations or other guidance, possibly on a retroactive basis, which would apply the higher 28% United States federal income tax rate to any long-term capital gain recognized on a sale of their Trust Units. In addition, a gain from the disposition of Units may be subject to the 3.8% Medicare tax. U.S. Holders should consult their tax advisors regarding the implications of making a QEF election with respect to the Trust.

Under the QEF rules, in the event that the Trust disposes of a portion of its silver holdings, including dispositions in the course of varying its relative investment in silver, U.S. Holders who have made a QEF election may be required to report substantial amounts of income for United States federal income tax purposes (in the absence of any cash distributions received from the Trust). The Trust has not paid any cash distributions on its outstanding Units since inception. It is the intention of the Trust to distribute to holders of record of Units as of the last day of each taxable year (currently December 31) an aggregate amount of cash distributions such that the amount of cash distributions payable to an electing Unitholder that holds Units for the entire taxable year of the Trust will be at least equal to the product of (i) the Trust's "ordinary earnings" and "net capital gains" for such taxable year allocable to such electing Unitholder and (ii) the highest marginal rate of United States federal income tax on ordinary income or long-term capital gain, as appropriate, applicable to individuals. Because such cash distributions may be subject to Canadian withholding tax and because the amount of such cash distributions will be determined without reference to possible United States state or local income tax liabilities or to the rate of United States federal income tax applicable to corporate U.S. Holders, such distributions may not provide an electing Unitholder with sufficient cash to pay the United States federal income tax liability arising from the inclusion in income of the electing Unitholders' pro rata share of the Trust's "ordinary earnings" and "net capital gains" under the QEF rules.

Each United States person that acquires Units, whether from the Trust or in the secondary market, is strongly urged to consult his, her or its own tax advisor.

Additional Information

The Trust maintains its accounting records, purchases silver and reports its financial position and results in U.S. dollars. However, certain of the Trust's expenses are paid, and the Trust's Units trade, in both CDN and U.S. dollars. Therefore, because exchange rate fluctuations are beyond the Trust's control, there can be no assurance that such fluctuations will not have an effect on the Trust's accounts or on the trading value of the Trust's Units in CDN dollars.

The Trustees will consider from time to time the issue of additional Units at a net price that would be non-dilutive to present Unitholders' interests. Additional Unit issues to increase the Trust's asset base should enable a reduction in the expense ratio per Unit and broaden exchange trading liquidity to the advantage of all Unitholders of the Trust.

This MD&A is dated February 9, 2016. Additional information relating to the Trustis available at www.sedar.com and www.silverbulliontrust.com.