

SILVER BULLION TRUST



Management's Discussion & Analysis

March 31, 2010

Management's Discussion and Analysis (MD&A)

The financial statements of Silver Bullion Trust (the "Trust") are prepared and reported in United States dollars in accordance with Canadian generally accepted accounting principles, otherwise known as Canadian GAAP, and the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 18. Notes to the financial statements on pages 5 through 9 should be referred to as supplementary information to this discussion and analysis.

Silver Bullion Trust is a passive, self-governing, single purpose trust with voting Units established by a declaration of trust on June 8, 2009 ("inception"). The governing declaration of trust was amended and restated on July 9, 2009 (the "Declaration of Trust"). 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, compliance, consulting, accounting, reporting and investor services duties as delegated by the Administrative Services Agreement 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.

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 three months ended March 31, 2010.

Results of Operations – Changes in Net Assets

Net assets increased by \$4.6 million or 14% during the three months ended March 31, 2010 to a total of \$37.4 million. Of this amount, \$3.6 million resulted from the exercise of 361,200 Warrants during the period for net proceeds of \$3,612,000 of which \$2,344,000 was used to purchase 140,000 ounces of silver bullion in physical bar form. The balance of the increase in net assets of \$1.0 million was attributable to the increase in the price of silver during the period.

Results of Operations – Net Income

The Trust's earned income objective is secondary to its purpose of holding almost all of its net assets in silver bullion. Generally, the Trust seeks only to maintain adequate cash reserves to enable it to pay the expenses of maintaining the Trust. The Trust's realized income is a nominal percentage of its net assets. However, the CICA Accounting Guideline 18 requires the Trust to record the changes in unrealized appreciation (depreciation) of holdings in income.

Net income (inclusive of the change in unrealized appreciation of holdings) for the period ended March 31, 2010 amounted to \$978,956 (\$0.31 per Unit) (Fully diluted \$0.29 per Unit). Virtually all of the reported income for the period represents the unrealized appreciation of silver bullion holdings, which is not distributable income.

The total expenses of maintaining the Trust, expressed as a percentage of the average of the month-end net assets, were 0.18% for the three months ended March 31, 2010. For the period from inception to March 31, 2010, this expense ratio was 0.41%.

The following table summarizes the quarterly financial information (amounts in millions except where stated on a per Unit basis):

	<i>Quarter ended (in U.S.\$)</i>		<i>For the period from inception to Sept. 30/09</i>
	<i>Mar. 31/10</i>	<i>Dec. 31/09</i>	
Income inclusive of the change in unrealized appreciation of holdings	\$ 1.0	0.9	4.1
Net income inclusive of the change in unrealized appreciation of holdings	\$ 1.0	0.8	4.1
Net income per Unit inclusive of the change in unrealized appreciation of holdings	\$ 0.31	0.29	1.53
Total Net Assets	\$ 37.4	32.8	29.5

Liquidity and Capital Resources

All of Silver Bullion Trust's assets are liquid. The Trust holds small cash reserves that generate interest income primarily to be applied to pay expenses. For the three months ended March 31, 2010, the Trust's cash reserves, including cash equivalents increased by \$1,150,987 to \$2,962,512. The ability of the Trust to have sufficient cash to pay the expenses of maintaining the Trust and to meet demands for redemption (if any), is primarily dependent upon its cash position and its ability to realize cash flow from its cash equivalents. Should the Trust not have sufficient cash to meet its needs in the future, minor 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.

Related party information

Please refer to Note 6 commencing on page 6 of this Interim Report.

Other

The Trust maintains its accounting records, purchases silver and reports its financial position and results in U.S. currency. However, certain of Silver Bullion Trust's expenses are paid, and the Trust's Units trade, in both Canadian and U.S. currencies. 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 Canadian dollars.

The Trustees will consider from time to time the issue of additional Units at a net price that would be non-dilutive to the 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.

The Trust is advised that U.S. Investors investing in Silver Bullion Trust Units for taxable accounts should acquaint themselves with Passive Foreign Investment Company (PFIC) rules and Qualifying Election Forms (QEF's) which may apply to their investment in Silver Bullion Trust Units.

This Report, dated April 29, 2010, the Annual Information Form, the Notice of Annual Meeting and Information Circular, Press Releases, financial and other information are available at www.sedar.com and www.silverbulliontrust.com.