

SILVER BULLION TRUST



Management's Discussion & Analysis

June 30, 2015

Management's Discussion and Analysis (MD&A)

The interim financial statements of Silver Bullion Trust (the "Trust") are prepared and reported in United States ("U.S.") dollars in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" and may not include all of the information required for full annual financial statements. The notes to the financial statements on pages 10 to 18 should be referred to as supplementary information to this discussion and analysis.

Silver Bullion 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. Its 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 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 six months ended June 30, 2015.

Outstanding Units

There were 5,467,228 Units issued and outstanding at June 30, 2015 and December 31, 2014.

Financial Results – Changes in Net Assets

The net assets of the Trust are comprised of the fair value of the Trust's total assets less the fair value of the Trust's total liabilities. The term "net assets", as used in this MD&A, has the same meaning as the term "total equity" as used in the Trust's June 30, 2015 interim financial statements and notes thereto.

Net assets decreased by \$3.5 million or 6.6% during the three months ended June 30, 2015. This decrease was primarily attributable to a 5.4% decrease in the price of silver during the period. Unanticipated costs related to the Special Meeting were also a factor in the decrease in net assets during the period.

Net assets decreased by \$1.6 million or 3.2% during the six months ended June, 2015. This decrease was primarily attributable to a 1.7% decrease in the price of silver during the period. The impact of the costs of the unanticipated Special Meeting of Unitholders held on May 20, 2015 was also a factor in the decrease in net assets during the period.

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

	<i>Quarter ended</i>			
	<i>Jun. 30, 2015</i>	<i>Mar. 31, 2015</i>	<i>Dec. 31, 2014</i>	<i>Sept. 30, 2014</i>
Change in unrealized appreciation/depreciation of holdings	\$(2.8)	\$2.0	\$(3.6)	\$(11.8)
Net income (loss) inclusive of the change in unrealized appreciation/depreciation of holdings	\$(3.5)	\$1.9	\$(3.6)	\$(11.9)
Net income (loss) per Unit inclusive of the change in unrealized appreciation/depreciation of holdings	\$(0.64)	\$0.34	\$(0.67)	\$(2.18)
Total net assets	\$49.3	\$52.8	\$50.9	\$54.6
	<i>Jun. 30, 2014</i>	<i>Mar. 31, 2014</i>	<i>Dec. 31, 2013</i>	<i>Sept. 30, 2013</i>
Change in unrealized appreciation/depreciation of holdings	\$2.8	\$1.5	\$(6.9)	\$8.9
Net income (loss) inclusive of the change in unrealized appreciation/depreciation of holdings	\$2.8	\$1.4	\$(6.9)	\$8.8
Net income (loss) per Unit inclusive of the change in unrealized appreciation/depreciation of holdings	\$0.50	\$0.26	\$(1.27)	\$1.61
Total net assets	\$66.5	\$63.7	\$62.3	\$69.3

Financial Results – Net Income

Silver Bullion Trust's earned income objective is secondary to its purpose of holding almost all of its net assets in silver bullion. The Trust ordinarily maintains adequate cash reserves to enable it to pay the expenses of maintaining the Trust. However, due to the extraordinary, and non-recurring, expenses relating to the Special Meeting and the unsolicited takeover bid referred to below, the Trust has limited cash resources at present and the Board is actively considering a number of alternatives to enable it to satisfy these added expenses and ongoing requirements. These alternatives include the sale of all or a portion of the Trust's silver certificates and/or a portion of its silver bullion; one or more private placements of Units; and/or the issuance of Units to certain of its service providers in lieu of making payment in cash, subject in each case to any required regulatory approvals.

The Trust's realized revenues are a nominal percentage of its net assets.

Net loss, inclusive of the change in unrealized appreciation/depreciation of holdings, for the three months ended June 30, 2015 was \$3.5 million compared to net income of \$2.8 million for the comparable period in 2014. Net loss, inclusive of unrealized appreciation/depreciation of holdings, for the six months ended June 30, 2015 was \$1.6 million compared to net income of \$4.1 million for the comparable period in 2014. Much of the reported net loss for both the three and six-month periods was a result of the change in unrealized appreciation/depreciation of holdings, which is not distributable income. Certain expenses, such as administration fees and safekeeping fees, vary in proportion to net asset levels. Administration fees, which are scaled and calculated monthly based on the net assets at each month end, decreased during the three and six-month periods ended June 30, 2015 as compared to the same periods in 2014. The decrease in administration fees was a direct result of the lower level of average net assets under administration during the period. Expenses for the three and six month periods ended June 30, 2015 were significantly higher, particularly during the three months ended June 30, 2015, due to costs incurred as a result of the Special Meeting held on May 20, 2015 and an unsolicited takeover bid initiated on May 27, 2015.

Expenses as a percentage of the average of the month-end net assets (the "expense ratio") for the three-month period ended June 30, 2015 was 1.25% compared to 0.12% for the three-month period in 2014. For the six-month period ended June 30, 2015, the expense ratio was 1.45% compared to 0.25% for the six-month period ended June 30, 2014. For the twelve-month period ended June 30, 2015, the expense ratio was 1.65% compared to 0.49% for the twelve-month period ended June 30, 2014. The increases in the expense ratios were a direct result of costs incurred for the unforeseen requisitioned Special Meeting held on May 20, 2015 (see Note 14 of the quarterly financial statements) and of costs associated with the unsolicited takeover bid, forced upon the Trust by Sprott Asset Management (see Note 15 of the quarterly financial statements).

If not for the significant expenses of the Special Meeting and subsequent unsolicited takeover bid, the expense ratios for each of the three, six and twelve-month periods would have slightly increased compared to the expense ratios in 2014. Specifically, for the three-month period ended June 30, 2015, the expense ratio would have been 0.13% compared to 0.12% for the comparative three-month period in 2014. For the six-month period ended June 30, 2015 the expense ratio would have been 0.26% compared to 0.25% for the same period in 2014. For the twelve-month period ended June 30, 2015, the expense ratio would have been 0.50% compared to 0.49% for the comparative period in 2014.

Liquidity and Capital Resources

The Trust's liquidity objective is to hold cash and cash equivalents in a safe and conservative manner to generate income primarily to be applied towards expenses. 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.

For the six months ended June 30, 2015, the Trust's cash decreased by \$397,841 to \$401,830. This decrease was a result of the amounts used to pay the expenses of the Trust, 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 quarterly financial statements. The Administrator and Senior Executive Officers monitor the Trust's cash position with an emphasis on maintaining its mandate to hold maximum amounts of silver bullion.

Administrator and Other Related Party Information

Please refer to Note 9 of the quarterly financial statements.

Additional Information

The Trust maintains its accounting records, purchases silver and reports its financial position and results in U.S. currency. However, certain of the Trust's expenses are paid, and the Trust's Units trade, in Canadian currency as well as U.S. currency. 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 present Unitholders' equity interests. Additional Unit issues to enlarge 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.

Amendment to Redemption Feature

On June 24, 2015 the Trustees approved an amendment to the redemption feature of the Units such that Unitholders will have the option to redeem Units for cash at any time in an amount equal to 95% of net asset value ("NAV") based on the average published NAV of Silver Bullion Trust for the five trading days following the date upon which the Units are tendered for redemption..

This amended redemption feature will only become effective upon receipt of regulatory approval.

Unitholder proposal

On February 3, 2015, the Board of Trustees of Silver Bullion Trust received a Unitholder requisition for the holding of a special meeting of the Trust's Unitholders. The requisition required that two matters be submitted to Unitholders for consideration: significant alteration of Silver Bullion Trust's existing cash redemption provisions as set out in the Trust's Amended and Restated Declaration of Trust and the inclusion of a new physical bullion redemption feature; and, the replacement of Silver Bullion Trust's current Trustees with nominees proposed by the dissident Unitholder.

In response, Silver Bullion Trust organized its Annual Meeting held on May 20, 2015 as an Annual and Special Meeting and filed its Management Information Circular and proxy materials in this regard. These filings can be found at www.sedar.com and www.silverbulliontrust.com. The dissident Unitholder's proposals were soundly defeated.

Unsolicited Takeover Bid

On April 23, 2015, Sprott Asset Management LP together with Sprott Physical Silver Trust ("Sprott"), announced its intention to commence an unsolicited takeover bid (the "Sprott offer") to acquire all of the outstanding Units of Silver Bullion Trust on a net asset value ("NAV") to NAV exchange basis. This Sprott offer was formally launched on May 27, 2015.

Silver Bullion Trust's Trustees appointed a Special Committee composed of independent Trustees to review, analyze and provide recommendations on the Sprott offer with a view to the best interests of the Trust and its Unitholders. The Special Committee unanimously recommended, and the independent Trustees unanimously agreed on June 9, 2015, that Silver Bullion Trust Unitholders should reject the Sprott offer.

Silver Bullion Trust has filed a lawsuit in the Ontario courts seeking to enjoin the Sprott offer due to what it believes are many legal deficiencies.

This MD&A is dated July 21, 2015. Additional information relating to the Trust, including Annual Information Forms, Notices of Annual or Annual and Special Meetings and Information Circulars, Press Releases, financial and other information are available at www.sedar.com and www.silverbulliontrust.com.