



**SILVER
BULLION TRUST**

June 30, 2015

Dear Fellow Unitholders,

On May 27, 2015, Sprott launched a hostile take-over bid to acquire all of the outstanding Units of Silver Bullion Trust (“SBT”) in exchange for units of Sprott Physical Silver Trust (“Sprott PSLV”). Sprott has made numerous disparaging and inaccurate statements about SBT, its administrator and its Trustees. We believe Sprott seeks to deflect your attention from the deficiencies in their unsolicited offer, their poor track record as investment managers, and their transparent attempt to take over the administration of SBT to generate fees.

Sprott does not offer compelling value to Unitholders, and it is in your best interest to retain your SBT Units. **Sprott would give you no meaningful premium in exchange for significantly higher costs, increased tax risks, reduced bullion security and dramatically diminished governance rights. In addition, there is a risk that the transaction will not result in a tax-free reorganization for certain U.S. Unitholders.**

SBT has approved an enhanced redemption feature

On June 24, 2015, your Trustees approved a significantly enhanced cash redemption feature that will be available to ALL Unitholders, which should reduce any potential future trading discounts to Net Asset Value (“NAV”), while maintaining all of the existing advantages of SBT’s low-cost and tax efficient structure. Your Trustees considered how best to mitigate the potential for SBT Units to trade at discounts in bear markets without altering the advantages of the SBT structure that have allowed it to outperform in bull markets for silver. With the enhanced cash redemption feature in place, in addition to the significantly lower cost, superior bullion security, vastly superior governance structure and more favourable tax treatment inherent in your SBT Units, there is simply NO COMPELLING REASON FOR SBT UNITHOLDERS TO TENDER TO SPROTT.

SBT has filed a lawsuit seeking to enjoin the Sprott Offer due to its many legal deficiencies

SBT has filed a lawsuit in Ontario court seeking to enjoin the Sprott Offer due to its many legal deficiencies that are detrimental to SBT Unitholders. Among the key issues raised with the court, is that the bid is in fact an illegal proxy solicitation, seeks to circumvent and reduce standard takeover bid tender thresholds, includes an irrevocable power of attorney that is detrimental to Unitholders and hinders normal withdrawal rights. The lawsuit also alleges that Polar Securities Inc. (“Polar”) has been illegally acting in concert with Sprott without public disclosure, which is in contravention of Canadian securities laws. **In addition to the well documented reasons to reject the Sprott Offer, given the Sprott Offer may not proceed until the legal deficiencies contained therein are opined on by the court, SBT Unitholders can postpone making any decisions with respect to the Sprott Offer. In connection with the legal proceedings, Sprott now intends to extend its offer until August 7, 2015, so there is no urgency to take any action.**

The Board of Trustees continues to recommend that Unitholders **REJECT the Sprott Offer, TAKE NO ACTION and DO NOT TENDER their Units to the Sprott Offer and WITHDRAW their Units if already tendered.**

KEY REASONS TO REJECT THE SPROTT OFFER

1. SBT implemented an enhanced cash redemption feature that should significantly reduce potential future discounts to NAV in down markets

- Once SBT’s enhanced cash redemption feature becomes effective, on the later of receipt of required regulatory approvals and July 14, 2015, **ALL Unitholders will have the option to redeem Units for cash at an amount equal to 95% of NAV at any time**, based on the average published NAV of SBT for the five trading days following the notice of redemption, with no impact on SBT’s existing low-cost structure.

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- **Accessible to ALL Unitholders regardless of the size** of their holdings, SBT's enhanced cash redemption feature will be in stark contrast to **Sprott PSLV's physical redemption feature, which can only be used by certain large investors** with holdings greater than approximately US\$119,000, or 19,000 Sprott PSLV units.
- Redemptions will be accretive on a pre-tax basis to non-redeeming Unitholders, as Units would be redeemed at a 5% discount to their underlying NAV.
- SBT's cash redemption feature is priced five trading days following the notice of redemption, compared with Sprott PSLV's redemption feature, which exposes investors to significant market risk for as long as 46 days because pricing only occurs once a month.

2. Sprott's claims of "unlocking value" are exaggerated – they are offering NO meaningful premium to Unitholders

- In contrast to normal takeover bids, **Sprott is not offering any meaningful premium in exchange for Sprott charging you significantly higher fees, reducing your bullion security, removing your voting rights, and significantly increasing your potential tax liability.**
- Sprott promotes the purported value of its offer based on the current difference in trading prices relative to NAV of SBT Units and Sprott PSLV units, a difference that results from the current bear market for silver. This should be addressed by SBT's recently approved new enhanced cash redemption feature.
- Sprott provides no assurance as to what SBT Unitholders will ultimately receive, as the consideration being offered by Sprott is based on a NAV for NAV exchange ratio that will be determined at a future date.
- In the past, Sprott PSLV units have traded at discounts to NAV and any future potential trading discounts would materially reduce or eliminate any value purported to be "unlocked" by the Sprott Offer.

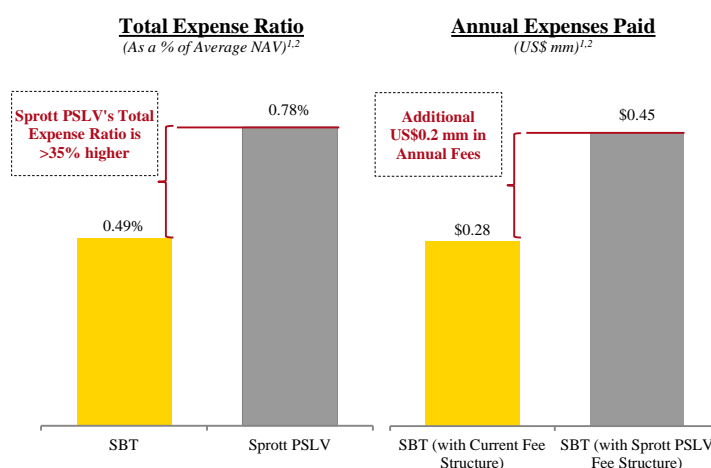
3. Sprott PSLV charges significantly higher fees than SBT

- Sprott PSLV's annual expense ratio of 0.78% of NAV is over **35% higher** than SBT's 0.49%.

- **On a present value basis, the increase in fees relating to the Sprott Offer represents US\$3.3 million in lost value for SBT's long-term Unitholders, or approximately 6% of SBT's current total NAV.¹**

- SBT's low expense ratio has been maintained in large part due to the **Trustees and Administrator voluntarily waiving the majority of the fees to which they have been entitled over the past six years, including waiving 75% of their total stated fees in 2014.**

- SBT is the only entity among competing products with a sliding scale structure for administration fees that passes on the benefits of asset growth to Unitholders in the form of progressively lower fees.



¹ Total Expense Ratio calculated based on expenses incurred over the last twelve months as of March 31, 2015, divided by "Average NAV" calculated as the average of the end of month net asset values over the same period.
² SBT expense ratio excludes extraordinary expenses associated with the SBT meeting.
 (Source: Bloomberg Financial Markets and public disclosure.)

¹ US\$3.3 mm in lost value calculated based on the difference in the total expense ratio over the last twelve months as at March 31, 2015 between Sprott PSLV and SBT (excluding extraordinary costs associated with the SBT meeting), multiplied by the average end-of-month NAV values of SBT. Assumes this difference in expenses is held constant in perpetuity and discounted at a 5% discount rate.

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4. Sprott PSLV provides investors with virtually no voting or other governance rights and virtually no ability to replace Sprott as its manager

- **Sprott PSLV does not have an elected board of trustees, does not hold annual meetings**, requires minimum holdings of Sprott PSLV units representing at least 50% of NAV to even requisition a unitholder meeting **and does not allow unitholders to elect the trust's manager.**
- By contrast, SBT is overseen by a Unitholder-elected, majority-independent Board of Trustees and offers a Unitholder-friendly and best-in-class governance structure.
- Sprott has resorted to disparaging and inaccurate remarks about your Trustees. **Your Trustees, all of whom were overwhelmingly re-elected by SBT Unitholders at the Unitholder meeting on May 20, 2015, are North America's most experienced stewards of bullion investments.**

5. Sprott PSLV offers less bullion security and safeguards than SBT

- Sprott PSLV simply does not match SBT's industry-leading bullion security and safeguards.
- SBT is committed to not hedge, lend or encumber its bullion in any way, as it is safeguarded solely for the benefit of its Unitholders.
- **SBT stores its bullion on an unencumbered, fully insured, fully allocated and physically segregated basis within an underground Canadian chartered bank vault.**
 - Underwriters Laboratories Inc., the recognized authority in vault security standards, rates this vault "Class 3", their **highest, most secure rating.**
 - The Canadian chartered bank used by SBT was ranked as the strongest of the publicly-traded major banks in Canada and North America by Bloomberg for the past four consecutive years.

6. The Sprott Offer could result in significant negative U.S. tax consequences for U.S. Unitholders

- Sprott continues to make inconsistent and misleading disclosure regarding the potential U.S. tax treatment of their unsolicited offer.
- **It is uncertain whether the transaction would qualify as a tax-deferred reorganization for U.S. tax purposes; Sprott's circular states that such determination "depends on the resolution of complex issues and facts," some of which will not be known until after the completion of the transaction.**
- Your Trustees believe that it is incumbent on Sprott to completely and accurately describe for Unitholders the full implications of their offer. Sprott should not downplay what your Trustees believe are material tax risks in order to make their offer appear more attractive to Unitholders.
- Sprott PSLV's physical redemption feature may require Sprott PSLV to deliver, sell or transfer silver bullion. Non-redeeming QEF Electing unitholders who hold Sprott PSLV units will be subject to tax on their *pro rata* share of any gains recognized by Sprott PSLV as a result of the delivery, sale or transfer of silver bullion by Sprott PSLV pursuant to a redemption. Your Trustees believe there is a **risk that Unitholders who have made a QEF Election and that tender their SBT Units in exchange for Sprott PSLV units will be forced to include a greater amount of income by reason of the redemption features of Sprott PSLV, irrespective of whether a unitholder has actually utilized the redemption feature themselves.**

7. Sprott has a poor track record of managing investor capital

- SBT's Trustees Circular (the "Trustees' Circular"), dated June 9, 2015, summarizes Sprott's poor track record as an investment manager, including the loss of over \$1.5 billion of investor capital while at the same time collecting hundreds of millions in management fees from these same investors.²

² For additional information, please refer to section 7 and 8 of "Reasons for Rejecting the Sprott Offer" in SBT's Trustees' Circular filed on June 9th, 2015, which is accessible via SEDAR.

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- Rather than addressing these shortcomings, Sprott attempts to deflect attention from their poor track record by making disparaging remarks about SBT’s administrator and Independent Trustees. Of note, Sprott Asset Management LP, the manager for Sprott PSLV, stands to gain approximately US\$250,000 in additional annual management fees if the Sprott Offer is successful.³

8. The Sprott Offer has been structured to bypass traditional statutory securityholder protections

- Tendering SBT Unitholders (on a tax-deferred basis) must grant to Sprott Asset Management LP an irrevocable power of attorney to effect significant structural changes to SBT to force through their proposed merger transaction.
- Sprott intends to use the irrevocable power of attorney to amend SBT’s Declaration of Trust to lower the threshold required for a bidder to effect a compulsory acquisition or redemption of non-tendered Units from 90% to 66⅔%, which represents a departure from parallel corporate law requirements designed to protect minority securityholders.
- The fact that this power of attorney is “**irrevocable**” means that **Sprott will maintain voting control over Units tendered on a rollover basis AFTER expiry of the Sprott Offer, even if Sprott has not satisfied any or all of the stated conditions to the Sprott Offer or paid SBT Unitholders for their Units.**

9. Polar’s support of the Sprott Offer is misleading and not representative of SBT Unitholders

- Sprott touts the support of Polar as evidence of Unitholder support for their unsolicited offer. Polar is not representative of ALL SBT Unitholders, as clearly demonstrated by the results of the recent proxy contest initiated by Polar on behalf of its North Pole Capital Master Fund. Polar’s proposal was premised on the adoption by SBT of a physical bullion redemption feature substantially similar to the physical bullion redemption feature offered by Sprott PSLV.
- Polar’s proposal was rejected by over 90% of the votes cast (excluding Polar) by Unitholders at SBT’s annual and special meeting held just last month.
- **Other than Polar, Sprott has not indicated that they have received support from any other SBT Unitholders, who collectively hold over 89.9% of SBT’s outstanding Units. SBT has also alleged that Polar has been acting jointly and in concert with Sprott regarding the Sprott Offer without public disclosure in contravention of Canadian securities laws.**

Conclusion

Your Trustees have always acted in the best interest of ALL Unitholders and will continue to do so. In order to address the discount at which SBT Units have traded in the current prolonged bear market for silver, your Trustees have approved a significantly enhanced cash redemption feature, which should not alter the current advantages of SBT’s fee, security, tax and governance structure. The preservation of SBT’s existing structure should allow SBT Units to outperform when positive silver markets return as they have done in the past. **With SBT’s new enhanced cash redemption feature, we believe even more strongly that retaining your SBT Units represents a superior alternative for Unitholders as compared to the hostile offer being made by Sprott, which offers Unitholders no meaningful premium, 35% higher costs and the assumption of well-documented risks.**

Significantly, **Unitholders will continue to benefit from SBT’s much lower expense ratio, superior bullion security and safeguards, tax-efficient structure and best-in-class governance – features that make SBT the clear choice for long-term silver bullion investors.**

More detailed information regarding the Sprott Offer and the reasons for your Trustees’ recommendations to SBT Unitholders to REJECT the Sprott Offer can all be found on SBT’s website at www.silverbulliontrust.com.

³ US\$250,000 in annual management fees calculated based on Sprott PSLV’ stated 0.45% management expense ratio applied to SBT’s average end-of-month NAVs over the last twelve months as of March 31, 2015.

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Unitholders are urged to read the documents provided on our website in detail when determining how or whether they will respond to the Sprott Offer.

The Board recommends that Unitholders **REJECT the Sprott Offer, TAKE NO ACTION and DO NOT TENDER their Units to the Sprott Offer and WITHDRAW their Units if already tendered.**

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Thank you for your consideration of these concerns, and we thank you for your continued support of Silver Bullion Trust.

Sincerely,

(signed)

Bruce Heagle

Chair of the Special Committee of Independent Trustees

(signed)

J.C. Stefan Spicer

Founder, Chairman and CEO

For up to date information we strongly encourage Unitholders to please visit

www.silverbulliontrust.com

Or call SBT at 905-304-4653 or 905-648-7879

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About Silver Bullion Trust

Silver Bullion Trust (established on July 9, 2009) is a passive, self-governing, single purpose trust, which invests primarily in long-term holdings of physical silver bullion and it does not speculate in silver prices. At June 30, 2015, the Units of Silver Bullion Trust were 99.8% invested in unencumbered, allocated and physically segregated silver bullion.

Forward-Looking Statements

Certain statements contained in this press release constitute “forward-looking information” under Canadian securities laws (collectively, “Forward-Looking Statements”), including those related to: any anticipated benefits of the enhanced cash redemption feature, including any anticipated impact on any potential future trading discounts to NAV, any anticipated tax impact on SBT and Unitholders, and any anticipated impact on SBT’s fee, security, tax and governance structure; any anticipated action on the part of the Administrator in respect of its rights under the Administration Agreement; the receipt of any regulatory approvals required for the implementation of the amendments to the Declaration of Trust; whether or not SBT’s legal proceeding against Sprott will be successful; the reasons of the Board of Trustees for recommending to Unitholders the rejection of the Sprott Offer, not taking any action with respect to the Sprott Offer and not tendering any Units to the Sprott Offer; the anticipated costs, risks and uncertainties associated with the Sprott Offer, including any anticipated impacts on bullion security, governance rights, potential tax risks and fees to be collected by Sprott; the anticipated timing, mechanics, completion and settlement of the Sprott Offer; the value of the Sprott PSLV units that would be received as consideration under the Sprott Offer; the ability of Sprott to complete the transactions contemplated by the Sprott offer; any anticipated results or performance of Sprott PSLV or any other affiliates of Sprott; any anticipated changes to the market price of Sprott PSLV units or any other securities of Sprott and its affiliates; and any anticipated future prices of silver and the Units.

SBT cautions investors about important factors that could cause actual results or outcomes to differ materially from those expressed, implied or projected in such Forward-Looking Statements. Such Forward-Looking Statements involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise be materially inaccurate. No assurance can be given that these projections, estimates, expectations or assumptions will prove to be correct and any Forward-Looking Statements included in this press release should not be unduly relied upon. These Forward-Looking Statements speak only as to SBT’s beliefs, views, expectations and opinions as of the date of this press release. Except as required by applicable securities laws, SBT does not intend and does not assume any obligations to update or revise these Forward-Looking Statements, whether as a result of new information, future events or otherwise. In addition, this press release may contain Forward Looking Statements drawn from or attributed to third party sources. Factors that could cause or contribute to such differences include, but are not limited to, those risks detailed in SBT’s filings with the Canadian securities regulatory authorities.

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THE SPROTT DISADVANTAGE FOR SILVER BULLION TRUST UNITHOLDERS

	SPROTT PHYSICAL SILVER TRUST	SILVER BULLION TRUST
Long-Term Track Record of Soundly Stewarding Investor Capital	NO	YES
95% NAV Cash Redemption Feature Available to ALL Unitholders at ANY time	NO	YES
Low Total Expense Ratio	NO	YES
Sliding Scale Administration Fee	NO	YES
Security and Safeguards – Physically Segregated – Underground Treasury Vault	NO	YES
Most Tax-Efficient Structure	NO	YES
Independent (4 of 5) Board of Trustees, Audit Committee, and Corporate Governance Committee	NO	YES
Trustees Elected by Unitholders, Annual Voting and Other Unitholder Rights	NO	YES
Ability to Replace Manager / Administrator	NO	YES

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