

# **SILVER BULLION TRUST**



**1st Quarter Report**

**March 31, 2015**

**NOTICE TO READER:**

These interim financial statements and related notes for the three months ended March 31, 2015 have been prepared by the Administrator of Silver Bullion Trust. The external auditors of the Trust have not audited or reviewed these quarterly financial statements.

## ***The Role of Silver Bullion Trust***

***To serve investors as “The Silver Bullion Trust”™.***

***To hold silver bullion on a secure basis for the convenience of investors.***

***Purpose of the Trust*** Silver Bullion Trust (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. Its purpose is to acquire, hold and secure silver bullion on behalf of its Unitholders.

***Investment Policies & Restrictions*** The Declaration of Trust requires that at least 90% of the total net assets of the Trust be held in physical silver bullion at all times. This cannot be changed without the approval of the Unitholders.

The Trust’s physical silver holdings may not be loaned, pledged, subjected to options or otherwise encumbered in any way.

***Safeguards*** Silver bullion is stored on an allocated and segregated basis in an underground treasury vault of the Canadian Imperial Bank of Commerce (the “Bank”), one of the major Canadian Banks.

The Bank may not release any of the Trust’s physical bullion holdings without receipt of an authorizing resolution of the Board of Trustees of the Trust.

Bullion holdings and Bank vault security are inspected annually and spot inspected periodically by Trustees and/or Officers of the Trust. On each occasion, inspections are required to be performed in the presence of both the Trust’s external auditors and Bank personnel.

The Trust is subject to the regulations and reporting requirements of the Toronto Stock Exchange and various Canadian provincial regulatory authorities.

***Conveniences*** The Trust’s Units are listed on the Toronto Stock Exchange (SBT.UN in Canadian dollars and SBT.U in U.S. dollars). The Units are also quoted on the United States OTC market with the symbol SVRZF. Making a silver bullion investment through ownership of Silver Bullion Trust Units is as easy as calling one’s stockbroker or investment dealer.

The Trust’s stock exchange listings provide readily quoted and liquid markets for the Units. The bid/ask spreads are usually considerably less than the buying and selling price spreads of direct silver bullion purchases, especially for small transactions.

Unlike many other forms of bullion investment, there are no storage or other direct costs paid by the investor. As well, there are no assay charges to the Unitholder to verify the legitimacy and/or actual silver content upon sale or redemption of the Trust’s Units.

## ***Trustees' Report to Unitholders***

Silver Bullion Trust currently holds 98.8% of its net assets in silver bullion. At March 31, 2015, these silver holdings consisted of 3,119,023 ounces of silver bullion and 24,807 ounces of silver bullion certificates for a total of 3,143,830 at year-end.

Silver Bullion Trust's Units serve as a stock exchange tradeable bullion proxy and, according to legal and tax counsel, qualify for investment by individuals and most types of Canadian and U.S. retirement accounts, trusts, financial entities and institutions. Investors should nevertheless consult their own tax advisors with respect to the tax consequences of an investment in the Units of Silver Bullion Trust.

We are committed to the secure stewardship of Silver Bullion Trust and its silver bullion holdings to fulfill its purpose and mandate as "The Silver Bullion Trust"™.

Respectfully submitted,  
On behalf of the Board of Trustees,



*J.C. Stefan Spicer, President & CEO*

April 23, 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 8 to 16 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 three months ended March 31, 2015.

**Outstanding Units**

There were 5,467,228 Units issued and outstanding at March 31, 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 March 31, 2015 interim financial statements and notes thereto.

Net assets increased by \$1.9 million or 3.7% during the three months ended March 31, 2015. This increase was attributable to a 3.9% increase in the price of silver 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>Mar. 31, 2015</i>	<i>Dec. 31, 2014</i>	<i>Sept. 30, 2014</i>	<i>Jun. 30, 2014</i>
Change in unrealized appreciation of holdings	\$2.0	\$(3.6)	\$(11.8)	\$2.8
Net income (loss) inclusive of the change in unrealized appreciation of holdings	\$1.9	\$(3.6)	\$(11.9)	\$2.8
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	\$0.34	\$(0.67)	\$(2.18)	\$0.50
Total net assets	\$52.8	\$50.9	\$54.6	\$66.5
	<i>Mar. 31, 2014</i>	<i>Dec. 31, 2013</i>	<i>Sept. 30, 2013</i>	<i>Jun. 30, 2013</i>
Change in unrealized appreciation of holdings	\$1.5	\$(6.9)	\$8.9	\$(30.7)
Net income (loss) inclusive of the change in unrealized appreciation of holdings	\$1.4	\$(6.9)	\$8.8	\$(30.8)
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	\$0.26	\$(1.27)	\$1.61	\$(5.65)
Total net assets	\$63.7	\$62.3	\$69.3	\$60.5

**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 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.

Net income, inclusive of the change in unrealized appreciation of holdings, for the three months ended March 31, 2015 was \$1.9 million (\$0.34 per Unit) compared to \$1.4 million (\$0.26 per Unit) for the comparable period in 2014. Virtually all of the reported net income for both three-month periods was a result of the change in unrealized appreciation 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 are calculated monthly based on the net assets

at each month end, decreased during the three-month period ended March 31, 2015 as compared to the same period 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 as a percentage of the average of the month-end net assets (the “expense ratio”) for the three-month period ended March 31, 2015 was 0.22% compared to 0.13% for the three-month period in 2014. For the twelve-month period ended March 31, 2015, the expense ratio was 0.57% compared to 0.50% for the twelve-month period ended March 31, 2014. The significant increases in the expense ratios relate to costs incurred for the Special Meeting to be held on May 20, 2015 (see Note 14 of the quarterly financial statements). If not for the expense of the Special Meeting, the expense ratio would have remained unchanged from last year for both the three and twelve-month periods.

### ***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 three months ended March 31, 2015, the Trust’s cash decreased by \$162,349 to \$637,322. This decrease was a result of the amounts used to pay the expenses of the Trust. 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.

This MD&A is dated April 23, 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](http://www.sedar.com) and [www.silverbulliontrust.com](http://www.silverbulliontrust.com).

**STATEMENTS OF FINANCIAL POSITION**  
*(expressed in U.S. dollars, unaudited)*

	<i>March 31,</i> <i>2015</i>	<i>December 31,</i> <i>2014</i>
	\$	\$
<b>Assets:</b>		
Silver bullion at market (Notes 2(a) and 5)	52,187,578	50,206,965
Cash (Notes 2(b) and 6)	637,322	799,671
Other receivables and prepayments	69,366	40,310
<b>Total assets</b>	<b>52,894,266</b>	<b>51,046,946</b>
<b>Liabilities:</b>		
Accrued liabilities (Notes 2(c), 7 and 9)	81,980	97,832
<b>Total liabilities</b>	<b>81,980</b>	<b>97,832</b>
<b>Equity:</b>		
Capital (Notes 2(d) and 8)	53,014,800	53,014,800
Retained earnings (deficit) inclusive of unrealized appreciation of holdings	(202,514)	(2,065,686)
<b>Total equity</b>	<b>52,812,286</b>	<b>50,949,114</b>
<b>Total liabilities and equity</b>	<b>52,894,266</b>	<b>51,046,946</b>
<b>Total equity per Unit (Notes 2(h) and 10)</b>	<b>9.66</b>	<b>9.32</b>
<b>Exchange rate:</b> U.S. \$1.00 = Cdn.	1.2683	1.1601
<b>Total equity per Unit expressed in Canadian dollars</b>	<b>12.25</b>	<b>10.81</b>

See accompanying notes to financial statements.

*On behalf of the Board of Trustees:*

*“Ian M.T. McAvity”*

*“Bruce D. Heagle”*

**STATEMENTS OF COMPREHENSIVE INCOME**  
*(expressed in U.S. dollars, unaudited)*

	<i>Three months ended March 31,</i>	
	<i>2015</i>	<i>2014</i>
	\$	\$
<b>Income:</b>		
Interest	450	593
<b>Total income</b>	450	593
<b>Expenses:</b>		
Safekeeping fees and bank charges	20,215	23,369
Administration fees (Note 9)	15,009	18,203
Auditors' fees	7,223	11,829
Legal fees (Note 9)	6,850	4,578
Regulatory filing fees	6,487	7,022
Trustees' fees and expenses (Note 9)	5,336	5,411
Registrar and transfer agent fees	3,232	3,671
Stock exchange fees	2,897	3,114
Unitholder information	2,741	3,808
Special meeting costs (Note 14)	44,752	-
<b>Total expenses</b>	114,742	81,005
<b>Net loss from Trust administration</b>	(114,292)	(80,412)
<b>Change in unrealized appreciation of holdings</b>	1,977,464	1,474,742
<b>Net income and comprehensive income inclusive of the change in unrealized appreciation of holdings</b>	1,863,172	1,394,330

See accompanying notes to financial statements.

**STATEMENTS OF CHANGES IN EQUITY**  
*(expressed in U.S. dollars, unaudited)*

	<i>Number of Units o/s</i>	<i>Unit Capital</i>	<i>Retained Earnings (deficit)</i>	<i>Total Equity</i>
		\$	\$	\$
<b>January 1, 2014</b>	5,467,228	53,014,800	9,326,745	62,341,545
Net income for the period			1,394,330	1,394,330
<b>March 31, 2014</b>	5,467,228	53,014,800	10,721,075	63,735,875
<b>January 1, 2015</b>	5,467,228	53,014,800	(2,065,686)	50,949,114
Net income for the period			1,863,172	1,863,172
<b>March 31, 2015</b>	5,467,228	53,014,800	(202,514)	52,812,286

See accompanying notes to financial statements.



**STATEMENTS OF CASH FLOWS**  
*(expressed in U.S. dollars, unaudited)*

	<i>Three months ended March 31,</i>	
	<i>2015</i>	<i>2014</i>
	\$	\$
<b>Cash flows from operating activities</b>		
Net income	1,863,172	1,394,330
Adjustment to reconcile net income to net cash from operating activities:		
Change in unrealized appreciation of holdings	(1,977,464)	(1,474,742)
Net changes in operating assets and liabilities:		
(Increase) in other receivables and prepayments	(29,056)	(30,202)
(Decrease) in accrued liabilities	(15,852)	(5,775)
Effect of exchange rate change	(3,149)	(2,858)
<b>Net cash used in operating activities</b>	(162,349)	(119,247)
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>	-	-
<b>Net decrease in cash</b>	(162,349)	(119,247)
Beginning of period cash	799,671	1,093,232
<b>Cash at March 31</b>	637,322	973,985

See accompanying notes to financial statements

## ***Notes to Financial Statements***

***For the three months ended March 31, 2015***

***(amounts expressed in U.S. dollars unless otherwise stated)***

### **1. Organization of the Trust**

Silver Bullion Trust (the “Trust”) is a passive, self-governing, single purpose, closed-end trust, with voting Units, established under the laws of Ontario, Canada on June 8, 2009 (“inception”). The governing Declaration of Trust was amended and restated on July 9, 2009.

The purpose of the Trust is to acquire, hold and secure silver bullion on behalf of its Unitholders. All silver bullion bars are “Good Delivery Bars” as defined by the London Bullion Market Association (“LBMA”), and are stored on an allocated and segregated basis in the highest rated (Level 3) underground treasury vaults of its Custodian, the Canadian Imperial Bank of Commerce, one of the largest banks in Canada.

The Trust’s registered office is located at 55 Broad Leaf Crescent, Ancaster, Ontario, Canada, L9G 3P2.

Silver Administrators Ltd. (the “Administrator”) acts as the administrator of the Trust pursuant to an Administrative Services Agreement with the Trust.

The financial statements of the Trust as at and for the three months ended March 31, 2015 were authorized for issue by the Trustees of the Trust on April 23, 2015.

### **2. Summary of significant accounting policies:**

#### **Basis of Preparation**

The Trust’s interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”. The interim financial statements may not include all of the information required for full annual financial statements.

These interim financial statements have been prepared on a historical cost basis, except for silver bullion and financial assets and financial liabilities held at fair value through profit or loss, which have been measured at fair value. The financial statements are presented in U.S. dollars and all values are rounded to the nearest dollar unless otherwise indicated.

#### **(a) Silver holdings:**

Silver bullion and silver certificates are measured at fair value by reference to the final London Bullion Market Association silver price, with realized gains and losses and unrealized appreciation or depreciation of holdings recorded in income based on the IAS 40 Investment Property fair value model, as IAS 40 is the most relevant standard to apply. Investment transactions are accounted for on the trade date. Realized gains and losses and unrealized appreciation and depreciation of holdings are calculated on an average cost basis.

**(b) Cash:**

Cash consists of deposits with the Trust's banker, which are not subject to restrictions.

**(c) Other receivables and prepayments and accrued liabilities:**

- i) Other receivables include all financial assets other than cash and cash equivalents and silver bullion. Prepaid expenses and accrued interest receivable would be included in this category.
- ii) Accrued liabilities include all financial liabilities. Administration fees payable, safekeeping fees payable and other accounts payable would be included in this category.

**(d) Unit capital:**

Classification of redeemable units:

Redeemable units are classified as equity instruments when:

- The units entitle the holder to a pro rata share of the Trust's equity ("net assets") in the event of the Trust's liquidation;
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Trust's net assets; and
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Trust over the life of the instrument.

In addition to the redeemable units having all of the above features, the Trust's capital may not include any financial instrument or contract that has:

- Total cash flows based substantially on the profits or losses, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Trust; and
- The effect of substantially restricting or fixing the residual return to the redeemable Unitholders.

The Trust meets all of the conditions to classify its Units as equity instruments. If the Trust's redeemable Units cease to have all the features or meet all the conditions set out to be classified as equity, the Trust will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized as equity.

**(e) Fees and other expenses:**

Fees and other expenses are recognized on an accrual basis.

**(f) Income taxes:**

The Trust is taxed as a "Mutual Fund Trust" for income tax purposes. The Trustees intend to distribute all net realized capital gains and all taxable income directly earned by the Trust to its Unitholders and deduct such distributions for income tax purposes. Accordingly, there is no provision for income taxes.

**(g) Net loss from Trust administration**

The Trust exists for the purpose of holding silver bullion, on an allocated and segregated basis, on behalf of its Unitholders. Silver holdings are intended to be permanent assets of the Trust and the unrealized appreciation of the silver holdings does not represent distributable earnings. There is no intention, currently, to sell any of the Trust's silver holdings unless it becomes necessary to generate cash to meet ongoing expenses. The Trust currently does not loan, lease or otherwise utilize its silver holdings to generate income, and, consequently, the Trust expects to incur a net loss from its administration activities.

**(h) Per Unit Calculation:**

The calculation of total equity (or net asset value) per Unit is based on the number of Units outstanding at the end of the reporting period. The Trust has no dilutive instruments.

**(i) Functional and presentation currency:**

The Trust's functional and presentation currency is the U.S. dollar. The Trust's performance is evaluated and its liquidity is managed in U.S. dollars. Therefore, the U.S. dollar is considered to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Trust.

**3. Significant accounting judgments, estimates and assumptions:**

The preparation of the Trust's financial statements required the Senior Executive Officers to make judgments, estimates and assumptions that affect the amounts recognized in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in future periods.

***Judgments***

In the process of applying the Trust's accounting policies, Senior Executive Officers have made the following judgments, which have the most significant effect on the amounts in the financial statements:

*Going Concern*

The Trust's Senior Executive Officers have made an assessment of the Trust's ability to continue as a going concern and are satisfied that the Trust has the resources to continue in business for the foreseeable future. Furthermore, the Senior Executive Officers are not aware of any material uncertainties that may cast significant doubt upon the Trust's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

*Estimates and Assumptions*

Estimation uncertainties in accounting assumptions at the recording date that could cause material adjustment to carrying amounts of assets and liabilities within the next financial year are discussed below. The Trust based its estimates and assumptions on information available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

For tax purposes, the Trust's policy is to treat any gains (or losses) from the disposition of silver bullion as capital gains (or losses), rather than as income (or loss), as the Trust is, and intends to continue to be, a long-term passive holder of silver bullion, and generally would only dispose of any portion of its holdings of silver bullion for the purposes of meeting redemptions (if any) and to pay expenses. The Canada Revenue Agency has, however, expressed its opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all circumstances.

**4. Segment information:**

For administrative purposes, the Trust is organized into one main segment, being the passive, long-term holding of silver bullion. It is not an active operating entity, and does not exist primarily to earn income. All of the Trust's activities are interrelated, and each activity is dependent upon the others. Accordingly, all significant administrative decisions are based upon an analysis of the Trust as one segment. The financial results from this segment are equivalent to the financial statements of the Trust as a whole. The Trust's income (or loss) is almost entirely made up of changes in the value of its silver holdings.

**5. Silver bullion:**

Details of silver bullion holdings are as follows:

<i>Silver holdings at</i>	<i>Mar. 31, 2015</i>	<i>Dec. 31, 2014</i>
Ounces - 1,000 oz. bars	3,119,023	3,119,023
- Bank certificates	24,807	24,807
<b>Total ounces of silver</b>	<b>3,143,830</b>	<b>3,143,830</b>
Average cost – per ounce	\$ 16.02	\$ 16.02
Cost	\$50,354,443	\$50,354,443
Market price – per ounce	\$ 16.60	\$ 15.97
Market value	\$52,187,578	\$50,206,965

**6. Cash:**

As at March 31, 2015, cash deposits of \$637,322 (December 31, 2014; \$799,671) were held in a Schedule 1 Canadian bank bearing a variable interest rate of 0.25% per annum.

**7. Fair value of financial instruments:**

As at March 31, 2015 due to the short-term nature of financial assets and financial liabilities recorded at cost, it is assumed that the carrying amount of those instruments approximates their fair value.

**8. Capital:**

Under the Declaration of Trust, an unlimited number of Units may be issued. There were 5,467,228 Units issued and outstanding at March 31, 2015 and December 31, 2014. Each Unit carries one vote at all meetings of Unitholders. Each Unit is transferable and represents an equal, undivided, beneficial interest in Silver Bullion Trust, in any distributions therefrom and in the net assets in the event of the termination or winding up of the Trust.

The Units of the Trust are redeemable by a Unitholder at any time at a price equal to the lesser of: i) 90% of the weighted average of the market prices per Unit during a 10 day trading period commencing immediately following the date on which the Units were tendered for redemption (the redemption date); and, ii) 100% of the closing market price per Unit on the redemption date.

The stated and recorded capital of Silver Bullion Trust as at March 31, 2015 and December 31, 2014 was as follows:

	<i>March 31, 2015</i>	<i>December 31, 2014</i>
<b>Stated capital</b>		
5,467,228 Units	\$53,419,136	\$53,419,136
Less: Unit issue costs	(404,336)	(404,336)
<b>Recorded capital</b>	<b>\$53,014,800</b>	<b>\$53,014,800</b>
<b>Weighted average</b>		
<b>Units outstanding<sup>(1)</sup></b>	<b>5,467,228</b>	<b>5,467,228</b>

<sup>(1)</sup>The weighted average Units outstanding as of March 31, 2015 is for the three months then ended and at December 31, 2014 is for the twelve months then ended.

## 9. Related party transactions and fees:

The Trust is party to an Administrative Services Agreement with Silver Administrators Ltd. (the "Administrator"), which is related to the Trust through certain of its Officers and Trustees. The Administrator furnishes administrative, compliance and other services to the Trust. For such services, the Trust has agreed to pay an administrative fee, on a monthly basis, equal to: 0.40% per annum for the first \$100,000,000 of the Trust's net assets; 0.30% per annum for any excess over \$100,000,000 up to \$200,000,000 of net assets; and, 0.20% per annum for any excess over \$200,000,000 of net assets. Administration fees remitted to the Administrator for the three months ended March 31, 2015 decreased to \$15,009 from \$18,203 for the comparable period in 2014 due to the decrease in the average value of net assets under administration. Included in accrued liabilities at March 31, 2015 is \$4,973 (December 31, 2014: \$4,798) due to the Administrator. No Trustees' fees are paid by the Trust to the Trustees who are nominees of the Administrator of the Trust.

At the Trust's inception, the Administrator and the Trustees offered to accept, and the Trust agreed to pay, reduced fees at one-quarter of the stated rates to facilitate the initial stages of the Trust's development. This rate remained in effect until January 1, 2012. Effective January 1, 2012, Trustees fees were increased to one-half of the stated rates. Effective January 1, 2014, these rates were adjusted back to one-quarter of the stated rates as authorized by the Trustees. At the stated rates the Trustees' fees would have been \$21,344 (actual \$5,336) for the three months ended March 31, 2015 compared to \$21,644 (actual \$5,411) for the same period in 2014.

The Trust incurred legal fees amounting to \$6,850 for the three months ended March 31, 2015 (2014: \$4,578), all of which was payable to a legal firm of which one of the Trust's Officers is the principal. In addition, \$13,864 of the special meeting costs were for legal fees payable to the same legal firm.

**10. Financial highlights:**

	<i>Three months ended March 31,</i>	
	<i>2015</i>	<i>2014</i>
<i>Per Unit performance:</i>		
<b>Net asset value per Unit at beginning of period</b>	\$9.32	\$11.40
Net loss from Trust administration before the change in unrealized appreciation of holdings	(0.02)	(0.01)
Change in unrealized appreciation of holdings	0.36	0.27
Total increase <sup>(1)</sup>	0.34	0.26
<b>Net asset value per Unit at end of period</b>	\$9.66	\$11.66
Total return for period	3.6%	2.3%
<i>Percentages and supplemental data:</i>		
<b>Ratios as a percentage of average net assets:</b>		
Expenses <sup>(2)</sup>	0.22%	0.13%
Net loss from Trust administration before the change in unrealized appreciation of holdings <sup>(2)</sup>	0.22%	0.12%

The increase per Unit is based on the weighted average number of Units outstanding during the period. The net asset values per Unit are based on the actual number of Units outstanding at the end of the relevant reporting periods.

<sup>(1)</sup> This table is not meant to be a reconciliation of beginning to end of period net asset values per Unit.

<sup>(2)</sup> Ratios not annualized.

**11. Management of financial risks:**

The Trust has risk management policies and procedures in place to identify risks related to financial instruments and physical assets. The objectives of these policies and procedures are to identify and mitigate risk. The Trust's compliance with these policies and procedures is monitored by the Senior Executive Officers, the Audit Committee and the Trustees of the Trust. Market fluctuations are unpredictable and outside the control of the Trust. New risk factors may emerge from time to time and it is not possible for the Trust to predict all such risk factors.

*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 which existed on March 31, 2015 of \$1.2683 Cdn. for each U.S. dollar, together with the holdings of silver bullion which existed on that date, a 10% change in the price of silver would increase or decrease the net asset value per Unit by approximately U.S. \$0.96 per Unit or Cdn. \$1.21 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 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 period, a strengthening or weakening of the Cdn. dollar relative to the U.S. dollar applied to balances outstanding at March 31, 2015 would not have had any material impact on the net income for the three months ended March 31, 2015, 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 regards all of the Trust's assets as liquid. The Trust traditionally has maintained sufficient cash reserves to enable it to pay expenses. Furthermore, over 98% of its net assets are in the form of silver bullion which is readily marketable.

### **12. Capital stewardship:**

The capital of the Trust is represented by the issued and outstanding Units and the net asset value attributable to participating Unitholders. The Trustees direct the Senior Executive Officers and the Administrator to administer the capital of the Trust in accordance with the Trust's stated objectives and restrictions, as stipulated in the Declaration of Trust, while maintaining sufficient cash to pay the expenses of maintaining the Trust and to meet demands for redemption (if any). The Trust does not have any externally imposed capital requirements.

### **13. Personnel:**

The Trust did not employ any personnel during the period, as its affairs were administered by the personnel of the Administrator, Senior Officers and/or the Trustees, as applicable.

### **14. Special Meeting Costs:**

On February 4, 2015 Silver Bullion Trust received a Unitholder requisition for the holding of a special meeting to significantly alter the existing redemption provisions set out in Silver Bullion Trust's Amended and Restated Declaration of Trust. The requisition proposed the inclusion of a new physical bullion redemption feature, and to amend the Trust's existing cash redemption provisions.

In response to the requisition, Silver Bullion Trust has organized its upcoming Annual Meeting to be held on May 20, 2015 as an Annual and Special Meeting and has filed its Management Information Circular and proxy materials in this regard. These filings can be found at [www.sedar.com](http://www.sedar.com) and [www.silverbulliontrust.com](http://www.silverbulliontrust.com).

The unanticipated special meeting costs to date reflect actual and estimated legal and financial advisor fees incurred for the quarter, as well as fees relating to extraordinary meetings of the Independent Trustees and Special Committee of the Independent Trustees, both of which were established for purposes of this special meeting.

**15. Events after the reporting period:**

There were no material events after the reporting period.

## ***Trust Information***

### ***Trustees***

Bruce D. Heagle (A) (C) (I)  
Ian M.T. McAvity (C) (I) (L)  
Michael A. Parente (A) (C) (I)  
Jason A. Schwandt (A) (I)  
J.C. Stefan Spicer (N)

### ***Officers***

J.C. Stefan Spicer, Chairman,  
President & CEO  
William L. Trench, A.C.I.S., CFO  
Krystyna S. Bylinowski, Treasurer  
John S. Elder, Q.C., Secretary  
J.L. Michele Spicer, Assistant Secretary

(A) - Member of Audit Committee  
(C) - Member of Corporate Governance & Nominating Committee  
(I) - Independent Trustee  
(L) - Lead Trustee  
(N) - Nominee of the Administrator

### ***Administrator***

Silver Administrators Ltd.  
Ancaster, Ontario, Canada

### ***Custodian***

Canadian Imperial Bank of Commerce  
Canada

### ***Auditors***

Ernst & Young LLP  
Toronto, Ontario, Canada

### ***Registrar and Transfer Agent***

CST Trust Company, Canada

### ***Legal Counsel***

Dentons Canada LLP  
Toronto, Ontario, Canada

### ***Stock Exchange Listings***

TSX Symbols:     SBT.UN (Cdn. \$)  
                       SBT.U    (U.S. \$)

Dorsey & Whitney LLP  
Seattle, Washington, U.S.A.

U.S. OTC:         SVRZF (U.S. \$)

### ***Net Asset Value Information***

The net asset value per Unit is calculated daily and is available by calling Silver Bullion Trust at 905-304-4653. The total net assets, the net asset value per Unit and the detailed basis of their calculations are posted daily at [www.silverbulliontrust.com](http://www.silverbulliontrust.com).



## **SILVER BULLION TRUST**

**“The Silver Bullion Trust”™**

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