

SILVER BULLION TRUST



3rd Quarter Report

September 30, 2014

NOTICE TO READER:

These interim financial statements and related notes for the nine months ended September 30, 2014 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 98.5% of its net assets in silver bullion. At September 30, 2014, these silver holdings consisted of 3,143,830 ounces of silver bullion.

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"TM.

Respectfully submitted,
On behalf of the Board of Trustees,



J.C. Stefan Spicer, President & CEO

October 22, 2014

Management's Discussion and Analysis (MD&A)

The Trust's interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 "Interim financial reporting" and IFRS 1 "First-time adoption of International Financial Reporting Standards" as issued by the International Accounting Standards Board ("IASB"). The interim financial statements may not include all of the information required for full annual financial statements. The notes to the financial statements on pages 9 to 16 should be referred to as supplementary information to this discussion and analysis.

The transition to IFRS has had no impact on the financial position or financial performance of the Trust and has affected only the presentation of the Trust's financial statements. The financial statements are presented in U.S. dollars and all values are rounded to the nearest dollar unless otherwise indicated.

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 nine months ended September 30, 2014.

Outstanding Units

There were 5,467,228 Units issued and outstanding at September 30, 2014 and December 31, 2013.

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 September 30, 2014 interim financial statements and notes thereto.

Net assets decreased by \$11.9 million or 17.9% during the three months ended September 30, 2014. This decrease was attributable to a 18.0% decrease in the price of silver during the period.

Net assets decreased by \$7.7 million or 12.4% during the nine months ended September 30, 2014. This decrease was attributable to a 12.3% decrease 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>Sept. 30, 2014</i>	<i>Jun. 30, 2014</i>	<i>Mar. 31, 2014</i>	<i>Dec. 31, 2013</i>
Change in unrealized appreciation of holdings	\$(11.8)	\$2.8	\$1.5	\$(6.9)
Net income (loss) inclusive of the change in unrealized appreciation of holdings	\$(11.9)	\$2.8	\$1.4	\$(6.9)
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	\$(2.18)	\$0.50	\$0.26	\$(1.27)
Total net assets	\$54.6	\$66.5	\$63.7	\$62.3
	<i>Sept. 30, 2013</i>	<i>Jun. 30, 2013</i>	<i>Mar. 31, 2013</i>	<i>Dec. 31, 2012</i>
Change in unrealized appreciation of holdings	\$8.9	\$(30.7)	\$(4.1)	\$(14.8)
Net income (loss) inclusive of the change in unrealized appreciation of holdings	\$8.8	\$(30.8)	\$(4.2)	\$(14.9)
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	\$1.61	\$(5.65)	\$(0.77)	\$(2.72)
Total net assets	\$69.3	\$60.5	\$91.3	\$95.6

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.

Net loss, inclusive of the change in unrealized appreciation of holdings, for the three months ended September 30, 2014 was \$11.9 million (\$2.18 per Unit) compared to net income, inclusive of the change in unrealized appreciation of holdings, of \$8.8 million (\$1.61 per Unit) for the comparable period in 2013. Net loss, inclusive of the change in unrealized appreciation of holdings, for the nine months ended September 30, 2014 was \$7.7 million (\$1.42 per Unit) compared to a net loss, inclusive of the change in unrealized appreciation of holdings, of \$26.3 million (\$4.81 per Unit) for the comparable period in 2013. Virtually all of the reported net income (loss) for both the three and nine-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 and nine-month periods ended September 30, 2014 as compared to the same periods in 2013. The decrease in administration fees was a direct result of the lower level of average net assets under administration during the periods.

Expenses as a percentage of the average of the month-end net assets (the "expense ratio") for the three-month periods ended September 30, 2014 and September 30, 2013 remained unchanged at 0.13%. The expense ratio for the nine-month period ended September 30, 2014, was 0.37% compared to 0.38% for the nine-month period in 2013. For the twelve-month period ended September 30, 2014, the expense ratio was 0.49% compared to 0.48% for the twelve-month period ended September 30, 2013.

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/or to pay for redemptions (if any) of Units. Sales of silver could result in the Trust realizing either capital gains or losses.

For the nine months ended September 30, 2014, the Trust's cash decreased by \$234,360 to \$858,872. This decrease was a result of the amounts used to pay 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 on page 14 of this interim report.

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 October 22, 2014. Additional information relating to the Trust, including Annual Information Forms, Notices of Annual Meetings and Information Circulars, Press Releases, financial and other information are available at www.sedar.com and www.silverbulliontrust.com.

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

	<i>September 30,</i> <i>2014</i>	<i>December 31,</i> <i>2013</i>
	\$	\$
Assets:		
Silver bullion at market (Notes 2(a) and 5)	53,790,931	61,304,685
Cash (Notes 2(b) and 6)	858,872	1,093,232
Other receivables and prepayments	50,394	40,350
Total assets	54,700,197	62,438,267
Liabilities:		
Accrued liabilities (Notes 2(c), 7 and 9)	107,110	96,722
Total liabilities	107,110	96,722
Equity:		
Capital (Notes 2(d) and 8)		
Units issued: 5,467,228	53,014,800	53,014,800
Retained earnings inclusive of unrealized appreciation of holdings	1,578,287	9,326,745
Total equity	54,593,087	62,341,545
Total liabilities and equity	54,700,197	62,438,267
Total equity per Unit (Notes 2(h) and 10)	9.99	11.40
Exchange rate: U.S. \$1.00 = Cdn.	1.1208	1.0636
Total equity per Unit expressed in Canadian dollars	11.19	12.13

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

"Ian M.T. McAvity"

"Bruce D. Heagle"

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

	<i>Three months ended Sept. 30,</i>		<i>Nine months ended Sept. 30,</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$	\$	\$	\$
Income:				
Interest	547	751	1,739	2,371
Total income	547	751	1,739	2,371
Expenses:				
Safekeeping fees and bank charges	22,660	25,794	69,144	86,231
Administration fees (Note 9)	17,189	19,644	53,159	66,347
Auditors' fees	9,806	8,100	30,518	33,685
Legal fees (Note 9)	6,321	6,000	16,057	18,000
Regulatory filing fees	6,960	7,657	18,980	20,883
Trustees' fees and expenses (Note 9)	5,412	11,060	15,563	33,780
Registrar and transfer agent fees	3,826	3,952	11,605	11,056
Stock exchange fees	3,114	4,488	9,343	13,463
Unitholder information	722	1,296	8,377	11,068
Miscellaneous	0	18	23	62
Total expenses	76,010	88,009	232,769	294,575
Net loss from Trust administration	(75,463)	(87,258)	(231,030)	(292,204)
Change in unrealized appreciation of holdings	(11,821,998)	8,866,975	(7,517,428)	(26,001,383)
Net income (loss) and comprehensive income (loss) inclusive of the change in unrealized appreciation of holdings	(11,897,461)	8,779,717	(7,748,458)	(26,293,587)
Basic and diluted net income (loss) per Unit (Note 2(h))	(2.18)	1.61	(1.42)	(4.81)

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</i>	<i>Total Equity</i>
		\$	\$	\$
January 1, 2013	5,467,228	53,014,800	42,553,307	95,568,107
Net income (loss) for the period			(26,293,587)	(26,293,587)
September 30, 2013	5,467,228	53,014,800	16,259,720	69,274,520
January 1, 2014	5,467,228	53,014,800	9,326,745	62,341,545
Net income (loss) for the period			(7,748,458)	(7,748,458)
September 30, 2014	5,467,228	53,014,800	1,578,287	54,593,087

See accompanying notes to financial statements.

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

Nine months ended September 30,

2014

2013

	\$	\$
Cash flows from operating activities		
Net income (loss)	(7,748,458)	(26,293,587)
Adjustment to reconcile net income (loss) to net cash from operating activities:		
Change in unrealized appreciation of holdings	7,517,428	26,001,383
Net changes in operating assets and liabilities:		
Increase in other receivables and prepayments	(10,044)	(10,934)
Increase in accrued liabilities	10,388	43,628
Effect of exchange rate change	(3,674)	(1,908)
Net cash used in operating activities	(234,360)	(261,418)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	(234,360)	(261,418)
Beginning of period cash and cash equivalents	1,093,232	1,476,855
Cash and cash equivalents at September 30	858,872	1,215,437

See accompanying notes to financial statements

Notes to Financial Statements

For the nine months ended September 30, 2014

(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 nine months ended September 30, 2014 were authorized for issue by the Trustees of the Trust on October 22, 2014.

2. Summary of significant accounting policies:

Basis of Preparation

The Trust’s interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including IAS 34 “Interim financial reporting” and IFRS 1 “First-time adoption of International Financial Reporting Standards” as issued by the International Accounting Standards Board (“IASB”). The interim financial statements may not include all of the information required for full annual financial statements.

The transition to IFRS has had no impact on the financial position or financial performance of the Trust and has affected only the presentation of the Trust’s financial statements. The presentation of a cash flow statement is new under IFRS as the Trust was not required to prepare this statement prior to the implementation of IFRS. Reconciliations of equity and comprehensive income (loss) have not been prepared as there are no material reconciling adjustments that resulted from the implementation of IFRS.

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 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) Calculations per Unit:

The calculation of net income (loss) per Unit is based on the weighted average number of Units outstanding during the year.

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>September 30, 2014</i>	<i>December 31, 2013</i>
Total ounces of silver bullion	3,143,830	3,143,830
Average cost – per ounce	\$ 16.02	\$ 16.02
Cost	\$50,354,443	\$50,354,443
Market price – per ounce	\$ 17.11	\$ 19.50
Market value	\$53,790,931	\$61,304,685

6. Cash:

As at September 30, 2014, cash deposits of \$858,872 (December 31, 2013; \$1,093,232) 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 September 30, 2014, 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 September 30, 2014 and December 31, 2013. 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 September 30, 2014 and December 31, 2013 was as follows:

	<i>September 30, 2014</i>	<i>December 31, 2013</i>
Stated capital		
5,467,228 Units	\$53,419,136	\$53,419,136
Less: Unit issue costs	(404,336)	(404,336)
Recorded capital	\$53,014,800	\$53,014,800
Weighted average		
Units outstanding⁽¹⁾	5,467,228	5,467,228

⁽¹⁾The weighted average Units outstanding as of September 30, 2014 is for the nine months then ended and at December 31, 2013 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 nine months ended September 30, 2014 decreased to \$53,159 from \$66,347 for the comparable period in 2013 due to the decrease in the average value of net assets under administration. Included in accrued liabilities at September 30, 2014 is \$5,141 (December 31, 2013: \$5,871) 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 have offered and accepted 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 \$62,252 (actual \$15,563) for the nine months ended September 30, 2014 compared to \$67,560 (actual \$33,780) for the same period in 2013.

The Trust incurred legal fees amounting to \$16,057 for the nine months ended September 30, 2014 (2013: \$18,000), all of which was payable to a legal firm of which one of the Trust's Officers is the principal.

10. Financial highlights:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
<i>Per Unit performance:</i>				
Net asset value per Unit at beginning of period	\$12.16	\$11.06	\$11.40	\$17.48
Net loss from Trust administration before the change in unrealized appreciation of holdings	(0.01)	(0.02)	(0.04)	(0.05)
Change in unrealized appreciation of holdings	(2.16)	1.63	(1.38)	(4.76)
Total increase (decrease) ⁽¹⁾	2.17	1.61	(1.42)	(4.81)
Net asset value per Unit at end of period	\$9.99	\$12.67	\$9.99	\$12.67
Total return for period	(17.8)%	14.6%	(12.4)%	(27.5)%
<i>Percentages and supplemental data:</i>				
Ratios as a percentage of average net assets:				
Expenses ⁽²⁾	0.12%	0.13%	0.37%	0.36%
Net loss from Trust administration before the change in unrealized appreciation of holdings ⁽²⁾	0.12%	0.13%	0.37%	0.35%

The increase (decrease) per Unit is based on the weighted average number of Units outstanding during the period. The term 'net asset value per Unit' is the same as 'total equity per Unit' used elsewhere in these financial statements. The net asset values per Unit are based on the actual number of Units outstanding at the end of the relevant reporting periods.

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

⁽²⁾ 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 September 30, 2014 of \$1.1208 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. \$0.98 per Unit or Cdn. \$1.10 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 September 30, 2014 would not have had any material impact on the net income (loss) for the three or nine months ended September 30, 2014, 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 of Units (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. 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.



SILVER BULLION TRUST

“The Silver Bullion Trust”™

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