

SILVER BULLION TRUST
(the "Trust").

CHARTER OF AUDIT COMMITTEE

1. Purpose

The primary function of the Audit Committee is to assist the Trustees in fulfilling their oversight responsibilities by reviewing:

- (a) selection, independence and effectiveness of the external auditors;
- (b) the financial statements and other financial information and reports which will be provided to the unitholders and others;
- (c) the financial reporting process; and
- (d) the Trust's internal audit activity and controls.

The external auditor's ultimate responsibility is to the Trustees and the Audit Committee, as representatives of the Unitholders. These representatives have the ultimate authority to evaluate and, where appropriate, recommend replacement of the external auditors.

The Committee shall be given full access to the Trust's records, those of Silver Administrators Ltd. (the "Administrator") and the external auditors as necessary to carry out these responsibilities.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. The members of the Audit Committee are not employees of the Trust or the Administrator. It is not the duty of the Audit Committee to conduct audits or to determine that the Trust's financial statements and disclosures are complete and accurate and are in accordance with the Canadian generally accepted accounting principles, or International Financial Reporting Standards when in effect, and applicable rules and regulations. These are the responsibilities of the Senior Executive Officers. The Auditors responsibility is to perform an audit to determine whether the financial statements prepared by management are, in all material respects, in accordance with generally accepted accounting principles.

2. Qualification of Members

1. The members of the Audit Committee (the "Committee") shall be three or more in number and be "independent" as defined in Multilateral Instrument 52-110 of the Canadian Securities Administrators. "Independent" for this purpose means that a member has no direct or indirect material relationship with the Trust which could, in the view of the Trustees, reasonably interfere with his or her independent judgment. Members of the Committee shall not receive any remuneration or compensation from the

Trust other than remuneration for acting as a member of the Committee or other committee or as Trustee or Lead Trustee.

2. All members of the Committee shall, as stipulated in Instrument 52-110, be "financially literate", that is to say have the ability to read and understand a set of financial statements and related notes that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements.

3. Operating Procedures

1. The Committee shall require that the senior officers provide for review draft annual and quarterly financial statements, annual and quarterly reports, Management's Discussion and Analysis, Annual Information Form and press releases where relevant, in a timely manner before the scheduled Committee meetings.
2. The Committee shall meet annually in February or March so as to be able to review the draft annual audited financial statements and related materials, and, shall meet on a quarterly basis as required to review the draft first, second and third quarter unaudited financial statements and accompanying report to Unitholders.
3. At least annually, the Committee shall review its effectiveness and the contribution of each of its members.
4. The Committee shall have adequate resources and authority to discharge its responsibilities.
5. The Committee shall have the authority to engage and compensate independent counsel and other advisors which it determines are necessary to enable the Committee to carry out its duties and to communicate directly with the external and internal auditors.

4. Relationship with External Auditor and Review Responsibilities

1. The external auditors are accountable to the Trustees and the Committee, as representatives of the Unitholders of the Trust. As such a representative, the Committee has overall responsibility for selection of the external auditors and recommends to the Trustees, the firm of external auditors to be put forward for Unitholder approval at each annual meeting of Unitholders. The Committee will only select external auditors who (a) participate in the oversight program of the Canadian Public Accountability Board (the "CPAB") and (b) are in good standing with the CPAB.
2. The Committee annually reviews and discusses a letter from the external auditors detailing factors that might have an impact on the auditors' independence, including all services provided and fees charged by the external auditors. The Committee satisfies itself regarding the independence of the auditors and reports its conclusions, and the basis for those conclusions, to the Trustees.

3. The Committee reviews and recommends to the Trustees for approval the annual audited financial statements and accompanying report to Unitholders as well as related documents such as the Annual Information Form or equivalent filings and the Management's Discussion and Analysis.
4. The Committee also reviews and recommends to the Trustees for approval the unaudited financial statements for the first, second and third quarters, Management's Discussion and Analysis and related reports to Unitholders.
5. The Committee is responsible for approving the scope of the annual audit, the audit plan, the access granted to the Trust's and the Administrator's records and the co-operation of the senior officers of the Trust and officers of the Administrator in any audit and review function.
6. The external auditor is required to present to and discuss with the Committee, its review reports including views about the quality of the accounting policies adopted by Senior Executive Officers in preparing the financial statements, or International Financial Reporting Standards when in effect, with a particular focus on the accounting estimates and judgments made by the senior officers and their selection of accounting principles. The Committee meets in private with appropriate senior officers and separately with the external auditors to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans.
7. The Committee is responsible for reviewing the work of the external auditors, including their findings and recommendations, as well as the senior officers' response to any such findings and recommendations, and resolving any disagreements between them and the external auditors regarding financial reporting.
8. The Committee should approve all audit services and, wherever feasible, pre-approve any non-audit services to be provided by its external auditors.
9. The Committee is responsible for assessing the effectiveness of the working relationship of the external auditors with the senior officers.
10. The Committee is responsible for reviewing the performance of, and approving the fees charged by, the external auditors.
11. The Committee is also responsible, when circumstances dictate, for recommending to the Trustees the removal and replacement of external auditors.
12. The Committee shall establish procedures for dealing with complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by Officers of the Trust or officers and employees of the Administrator regarding such matters (i.e. whistle-blowing).

13. The Committee shall review and approve the hiring by the Administrator of employees and former employees of the external auditors who were involved in audit of the Trust's accounts.
14. The Committee shall review and comment to the Trustees on all related-party transactions.
15. The Committee shall review any change in the Trust's code of ethics for senior financial officers.
16. The Committee shall, when feasible, review the relevant portions of any prospectuses, registration statements, information circulars and other reporting issuer or disclosure statements of the Trust involving and as related to financial disclosure.

5. Relationship to Internal Audit and Controls

1. The Committee is responsible for reviewing and approving any decisions of the senior officers relating to any potential need for internal auditing, including whether this function should be outsourced and, if such function is outsourced, to approve the supplier of such service.
2. The Committee is responsible for ensuring that the senior officers have designed and are implementing an effective system of internal controls over financial reporting.

6. Disclosure

1. The Committee shall provide a report annually to the Unitholders, as part of the Information Circular for the annual meeting, which briefly summarizes the nature of the activities of the Committee.

7. Procedures

1. The times and locations of meetings of the Committee, the calling of such meetings and all aspects of procedure at such meetings shall be determined by the Committee, as the case may be, provided that in every case:
 - (a) the presence of at least two members shall be necessary to constitute a quorum; and
 - (b) the acts of the Committee or any sub-committee, at a duly constituted meeting, shall require no more than the vote of a majority of the members present and that, furthermore, in any circumstance, a resolution or other instrument in writing signed by all members of the Committee shall avail as the act of the Committee.

2. The Secretary of the Trust, failing which the Assistant Secretary of the Trust, shall be the Secretary of the Committee.

Approved: June 8, 2009