



July 30, 2015

Dear Fellow Silver Bullion Trust Unitholders,

As we near the latest deadline for Sprott's unsolicited offer to acquire Silver Bullion Trust ("SBT") Units, you will no doubt be receiving information and phone calls pressuring you to "act now" as their offer will expire on August 7, 2015. **You should not be swayed by Sprott's self-serving pressure tactics**, which are intended to convey a sense of urgency that, in our view, does not exist.

**Your independent Board of Trustees, with the aid of legal and financial advisors, has recommended that you REJECT the Sprott Offer, TAKE NO ACTION with respect to the Sprott Offer and DO NOT tender your Units to the Sprott Offer.** Our recommendation to Unitholders and the reasons supporting our recommendation are fully described in the SBT Trustees' Circular which was mailed to you and which can also be found on <http://www.silverbulliontrust.com>.

Your Board of Trustees determined that the Sprott Offer should be REJECTED by SBT Unitholders for the following reasons:

- Sprott offers **NO meaningful premium**
- **Sprott will charge you management fees approximately 350%<sup>1</sup> higher than current levels, which will erode your net asset value**
- Despite charging higher fees, **Sprott's bullion storage does not match SBT's high level of security and safeguards**
- Sprott's touted physical redemption feature is only available to very large unitholders who comprise a small percentage of unitholders
- SBT Unitholders overwhelmingly rejected a similar physical redemption feature proposed by Polar Securities on behalf of its North Pole Capital Master Fund at the SBT Unitholders' Meeting on May 20, 2015
- **Sprott Physical Silver Trust's structure** and physical redemption feature will expose certain U.S. SBT Unitholders to **greater tax risk**
- Sprott's offering materials recognize that there is a substantial possibility that the transaction will be fully taxable to SBT's U.S. Unitholders, and state that whether the transaction will be taxable depends on the "resolution of complex issues and facts, some of which will not be known" until after the transaction is completed
- **Sprott Physical Silver Trust has NO board of trustees and NO annual meetings; its unitholders have virtually NO voting rights and NO ability to replace Sprott as manager**
- **Sprott has a very poor track record as an investment manager.** For example, Sprott Resource Corp. (TSX:SCP), traded at a 51.8% discount to NAV (as at June 30, 2015) according to their press release on July 27, 2015

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<sup>1</sup> Based on a comparison of Management/Administrative expenses divided by the average of end-of-month net asset values over the last twelve months as at March 31, 2015.

- **SBT has adopted<sup>2</sup> a new enhanced cash redemption feature** at 95% of NAV that will be available to **ALL** Unitholders at **ANYTIME**
- SBT's new enhanced cash redemption feature is designed to address net asset value discounts in bear markets without altering the advantages of the SBT structure

Over the past few months, we have been speaking with SBT Unitholders. Our Unitholders, who are predominantly long-term silver bullion investors, tell us they bought SBT Units due to our very low administration fees, industry-leading silver bullion security, tax-efficient structure and long-term track record of stewarding silver bullion investments. In order to respond to current bear market conditions, SBT adopted<sup>2</sup> an enhanced cash redemption feature, which we believe is a prudent way of addressing the current net asset value discount without altering the advantages of the SBT tax, fee and security structure. **For these reasons and the reasons set forth in the Trustees' Circular, we believe that SBT Unitholders are much better off retaining their SBT Units than exchanging them for Sprott units which come with significantly higher ongoing management fees, lower bullion security, much greater tax risk and virtually no governance rights.**

**TO REJECT THE SPROTT OFFER AND RETAIN YOUR SBT UNITS**  
**YOU DON'T HAVE TO DO ANYTHING**

Should you have any questions regarding the Sprott Offer and SBT's recommendations to REJECT the Sprott Offer, please contact **D.F. King & Co., North America Toll-Free at 1-800-398-2816; or via email at [inquiries@dfking.com](mailto:inquiries@dfking.com)**

Unitholders who have already tendered their Units to the Sprott Offer can withdraw their Units by contacting their broker or D.F. King & Co.

We thank SBT Unitholders for your attention to this matter and for your ongoing support of SBT.

Yours Sincerely,



Bruce Heagle,  
*Chair of the Special Committee  
of Independent Trustees*



Ian McAvity,  
*Lead Independent Trustee*



Stefan Spicer,  
*Founder, Chairman and CEO*

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<sup>2</sup> Subject to the receipt of required regulatory approvals.

### **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 July 28, 2015, the Units of Silver Bullion Trust were 100% invested in unencumbered, allocated and physically segregated silver bullion.

**For further information, please contact D.F. King & Co., North America Toll-Free at 1-800-398-2816; or via email at [inquiries@dfking.com](mailto:inquiries@dfking.com)**

### **Forward-Looking Statements**

Certain statements contained in this press release constitute “forward-looking statements” or “forward-looking information” (collectively, "Forward-Looking Statements"), including those related to: the anticipated benefits of the enhanced cash redemption feature, including any anticipated tax impact on non-redeeming Unitholders following a redemption which utilizes the enhanced cash redemption feature; any anticipated impact of the enhanced cash redemption feature on future trading prices of SBT Units and any trading discount of SBT Units to NAV; the receipt of regulatory approvals required in connection with the implementation of the enhanced cash redemption feature; any continuing benefits of SBT’s current structure from a tax and governance perspective; and SBT’s expense ratio and bullion security as compared to Sprott.

Silver Bullion Trust 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 the Trust's beliefs, views, expectations and opinions as of the date of this press release. Except as required by applicable securities laws, the Trust 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 the Trust’s filings with the Canadian securities regulatory authorities.