

SILVER BULLION TRUST



1st Quarter Report

March 31, 2012

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 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 Silver Bullion Trust (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 largest banks in Canada.

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 a readily quoted and liquid market 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 98.3% of its net assets in silver bullion. At March 31, 2012, the 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"™.

Respectfully submitted,
On behalf of the Board of Trustees,



J.C. Stefan Spicer, President & CEO

April 26, 2012

Management's Discussion and Analysis (MD&A)

The financial statements of Silver Bullion Trust (the "Trust") are prepared and reported in U.S. dollars in accordance with Canadian generally accepted accounting principles, otherwise known as Canadian GAAP, and the Canadian Institute of Chartered Accountants Accounting Guideline 18, Investment Companies ("AcG-18"). Notes to the financial statements on pages 7 through 11 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. The Trust's purpose is to acquire, hold and secure silver bullion on behalf of its Unitholders. The Trust is not an operating entity and does not have any employees, office facilities or the potential risks thereof. The Trust retains Silver Administrators Ltd. (the "Administrator") to attend to all administrative, compliance, consulting, accounting, reporting and investor services 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, 2012.

Outstanding Units

There were 5,467,228 Units issued and outstanding March 31, 2012.

Results of Operations – Changes in Net Assets

Net assets increased by \$13.2 million or 14.6% during the three months ended March 31, 2012 to a total of \$103.7 million. This increase was attributable to a 15.1% increase in the market 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>(in US\$)</i>			
	<i>Mar. 31,</i>	<i>Dec. 31,</i>	<i>Sept. 30,</i>	<i>Jun. 30,</i>
	<i>2012</i>	<i>2011</i>	<i>2011</i>	<i>2011</i>
Change in unrealized appreciation of holdings	\$13.4	\$(7.1)	\$(14.4)	\$(9.0)
Net income (loss) inclusive of the change in unrealized appreciation of holdings	\$13.2	\$(7.2)	\$(14.5)	\$(9.1)
Net income (loss) per Unit inclusive of the change in unrealized appreciation of holdings	\$2.42	\$(1.32)	\$(2.65)	\$(1.66)
Total net assets	\$103.7	\$90.4	\$97.7	\$112.2
	<i>Mar. 31,</i>	<i>Dec. 31,</i>	<i>Sept. 30,</i>	<i>Jun. 30,</i>
	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2010</i>
Change in unrealized appreciation of holdings	\$22.8	\$26.9	\$10.5	\$2.5
Net income inclusive of the change in unrealized appreciation of holdings	\$22.7	\$26.8	\$10.4	\$2.5
Net income per Unit inclusive of the change in unrealized appreciation of holdings	\$4.14	\$4.91	\$1.90	\$0.49
Total net assets	\$121.3	\$98.5	\$71.7	\$61.3

Results of Operations – 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. AcG-18 requires the Trust to record the change in unrealized appreciation of holdings in income.

The net income inclusive of the change in unrealized appreciation of holdings for the three months ended March 31, 2012 was \$13.2 million (\$2.42 per Unit) compared to \$22.7 million (\$4.14 per Unit) for the same period in 2011. Virtually all of the reported net income for the three month period represents the change in unrealized appreciation of silver holdings of 15.1%, resulting from the increase in the price of silver referred to above, which is not distributable income. Interest income currently forms a nominal portion of the Trust's income. Certain expenses, such as administration fees and safekeeping fees, have varied in relation to net asset levels. Administration fees, which

are scaled and are calculated monthly based on net assets at each month-end, increased by \$1,088 during the three month period ended March 31, 2012 as compared to the same period in 2011. The increase in administration fees was a direct result of the higher level of net assets under administration.

Expenses as a percentage of the average of the month-end net assets (the “expense ratio”) for the three month periods ended March 31, 2012 and 2011 remained unchanged at 0.11%. For the twelve month period ended March 31, 2012, the expense ratio was 0.41% compared to 0.42% for the twelve month period ended March 31, 2011.

Liquidity and Capital Resources

The Trust’s liquidity objective is to hold cash reserves and short-term deposits 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, 2012, the Trust’s cash and short-term deposits decreased by \$194,614 to \$1,767,500. 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 5 on page 8 of this interim report.

Future accounting policy

Please refer to Note 9 commencing on page 10 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 both Canadian and U.S. currencies. 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 increase 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 26, 2012. Additional information relating to the Trust, including Annual Information Forms, Notices of Annual Meeting and Information Circulars, Press Releases, financial and other information are available at www.sedar.com and www.silverbulliontrust.com.

STATEMENTS OF NET ASSETS
(expressed in U.S. dollars, unaudited)

	March 31, 2012	December 31, 2011
Net assets:		
Silver at market (Note 2)	\$ 101,954,407	88,593,130
Cash and short-term deposits (Note 3)	1,767,500	1,962,114
Prepaid expenses and other	68,176	40,450
	103,790,083	90,595,694
Accrued liabilities (Note 5)	(98,902)	(149,573)
Net assets representing Unitholders' equity	\$ 103,691,181	90,446,121
Represented by:		
Capital (Note 4)		
Units issued: 5,467,228	\$ 53,014,800	53,014,800
Retained earnings inclusive of unrealized appreciation of holdings	50,676,381	37,431,321
	\$ 103,691,181	90,446,121
Net asset value per Unit	\$ 18.97	16.54
Exchange rate: U.S. \$1.00 = Cdn.	\$ 0.9991	1.0170
Net asset value per Unit expressed in Canadian dollars	\$ 18.95	16.82

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

"Ian M.T. McAvity"

"Bruce D. Heagle"

STATEMENTS OF CHANGES IN NET ASSETS
(expressed in U.S. dollars, unaudited)

	Three months ended March 31,	
	2012	2011
Net assets at beginning of period	\$ 90,446,121	98,512,339
Add:		
Increase in Unit capital	-	95,664
Net income inclusive of the change in unrealized appreciation of holdings	13,245,060	22,650,274
Increase in net assets during the period	13,245,060	22,745,938
Net assets at end of period	\$ 103,691,181	121,258,277

See accompanying notes to financial statements.

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

	<i>Three months ended March 31,</i>	
	<i>2012</i>	<i>2011</i>
Income:		
Interest	\$ 1,345	1,037
Change in unrealized appreciation of holdings	13,363,665	22,761,499
Total income	13,365,010	22,762,536
Expenses:		
Safekeeping fees and bank charges	40,372	38,381
Administration fees (Note 5)	30,367	29,279
Auditors' fees	15,797	16,724
Trustees' fees and expenses (Note 5)	8,779	3,780
Regulatory filing fees	7,262	5,849
Stock exchange fees	5,039	5,038
Legal fees (Note 5)	4,726	4,517
Registrar and transfer agent fees	4,088	5,158
Unitholder information	3,520	3,446
Miscellaneous	-	90
Total expenses	119,950	112,262
Net income inclusive of the change in unrealized appreciation of holdings	\$ 13,245,060	22,650,274
Net income per Unit	\$ 2.42	4.14

See accompanying notes to financial statements.

STATEMENTS OF UNITHOLDERS' EQUITY
(expressed in U.S. dollars, unaudited)

	<i>Three months ended March 31,</i>	
	<i>2012</i>	<i>2011</i>
Capital (Note 4):		
Units: 5,467,228	\$ 53,014,800	53,014,800
Retained earnings:		
Balance at beginning of period	37,431,321	45,593,203
Net income inclusive of the change in unrealized appreciation of holdings	13,245,060	22,650,274
Balance at end of period	50,676,381	68,243,477
Unitholders' equity	\$ 103,691,181	121,258,277

See accompanying notes to financial statements.

Notes to Financial Statements

For the three months ended March 31, 2012

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

1. Summary of significant accounting policies:

The accounting policies applied in the preparation of these unaudited interim financial statements conform with those presented in the December 31, 2011 audited annual financial statements of Silver Bullion Trust (the "Trust"). These unaudited interim financial statements do not include all of the disclosures included in the audited annual financial statements referred to above and, accordingly, should be read in conjunction with those statements.

2. Silver bullion:

Details of silver bullion holdings are as follows:

<i>Silver holdings at</i>	<i>March 31, 2012</i>	<i>December 31, 2011</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	\$ 32.43	\$ 30.63
Market value	\$ 101,954,407	\$ 96,295,513

3. Cash and short-term deposits:

As at March 31, 2012, the Trust held one U.S. dollar fixed term deposit with a Schedule 1 Canadian bank in the amount of \$1,000,000 bearing interest at a rate of 0.35% per annum with a maturity date of July 31, 2012. Cash deposits of \$767,500 (December 31, 2011: \$1,962,114) were held at the same Canadian bank at a variable annualized interest rate of 0.25% per annum.

4. Capital:

Under the Declaration of Trust, an unlimited number of Units may be issued. Each Unit carries one vote at all meetings of Unitholders. There were 5,467,228 Units outstanding at March 31, 2012 and December 31, 2011. 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 was as follows:

	<i>March 31, 2012</i>	<i>December 31, 2011</i>
Stated capital – 5,467,228 Units	\$ 53,419,136	\$53,419,136
Less: Issue costs	404,336	404,336
Recorded capital	\$ 53,014,800	\$53,014,800
Weighted average Units outstanding	5,467,228	5,467,228

5. 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, 2012 increased to \$30,367 from \$29,279 for the three months ended March 31, 2011 due to the increase in the value of assets under administration. Included in accrued liabilities at March 31, 2012 is \$9,677 (December 31, 2011: \$8,517) due to the Administrator. No Trustees' fees are paid by the Trust to Trustees who are nominees of the Administrator of the Trust.

Since the Trust's inception, the Administrator has offered and accepted reduced fees at one-quarter of the stated rates during this initial stage of the Trust's development. At the authorized rates the administration fees would have been \$121,468 (actual \$30,367) for the three months ended March 31, 2012.

Effective January 1, 2012, the Trustees receive reduced fees at one-half of the stated rates. Prior to January 1, 2012, these fees were at one-quarter of the stated rates. At the authorized rates the Trustees' fees would have been \$17,529 (actual \$8,779) for the three months ended March 31, 2012.

The Trust incurred legal fees amounting to \$4,726 for the three months ended March 31, 2012 (2011: \$4,517). Of this amount, \$4,641 (2011: \$3,000) was payable to a legal firm to which one of the Trust's Officers is Counsel. A balance of \$2,821 relating to these services was included in accrued liabilities at March 31, 2012 (December 31, 2011: \$2,000).

6. 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 Trust's 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, 2012 of Cdn. \$0.9991 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. \$1.86 per Unit or Cdn. \$1.86 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. dollar terms, 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 silver, which is 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, 2012 would not have had any material impact on the net income for the three months ended March 31, 2012, 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 solely 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's liquidity objective is to maintain 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.

7. Financial highlights:

	<i>Three months ended March 31,</i>	
	<i>2012</i>	<i>2011</i>
<i>Per Unit performance:</i>		
Net asset value per Unit at beginning of period	\$16.54	\$18.02
Net loss before the change in unrealized appreciation of holdings	(0.02)	(0.02)
Change in unrealized appreciation of holdings	2.45	4.16
Total increase ⁽¹⁾	2.43	4.14
Net asset value per Unit at end of period	\$18.97	\$22.18
Total return for period	14.7%	23.1%
<i>Percentages and supplemental data:</i>		
Ratios as a percentage of average net assets:		
Expenses ⁽²⁾	0.11%	0.11%
Net loss before the change in unrealized appreciation of holdings ⁽²⁾	0.11%	0.10%

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 relevant times.

⁽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.

8. 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 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.

9. Future Accounting Policy:

On December 12, 2011, the Accounting Standards Board of Canada decided to further extend the deferral of International Financial Reporting Standards ("IFRS") adoption for investment companies for an additional year. Investment companies will now be required to mandatorily adopt IFRS for interim and annual financial statements for fiscal periods beginning on or after January 1, 2014.

The Trust is reviewing the key elements within IFRS that may result in a change in accounting policies that will impact its financial statements and accompanying note disclosures. The assessment plan being implemented by the Trust includes a position paper which highlights the material standards that need to be addressed under IFRS and preparation of an opening balance sheet and financial statements that incorporate IFRS accounting standards and policies. The major areas of focus identified by the assessment include: first year implementation decisions;

statements of cash flows; classification of redeemable Trust Units; income taxes; increased note disclosure; and accounting for changes in unrealized appreciation or depreciation of holdings. The assessment is addressing the impact on the Trust's accounting system and internal controls required to report under IFRS beginning on the implementation date. The Trust will continue with the assessment and implementation in preparation for its initial filing under IFRS expected for the fiscal year beginning January 1, 2014.

Trust Information

Trustees

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

(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

Auditors

Ernst & Young LLP
Toronto, Ontario, Canada

Legal Counsel

Fraser Milner Casgrain LLP
Toronto, Ontario, Canada

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

Officers

Philip M. Spicer, Chairman
J.C. Stefan Spicer, 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

Custodian

Canadian Imperial Bank of Commerce
Canada

Registrars and Transfer Agents

CIBC Mellon Trust Company, Canada
*the Administrative Agent for which
is Canadian Stock Transfer Company Inc.*

Stock Exchange Listings

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