



ANNUAL INFORMATION FORM

Offering Series A, Series F and Series I Units of

SPROTT SILVER BULLION FUND

May 10, 2012

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The Fund and the securities of the Fund under this Annual Information Form are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance upon exemptions from registrations.

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THE FUND

Sprott Silver Bullion Fund (the “Fund”) is an open-ended mutual fund trust established under the laws of Ontario pursuant to the terms of a trust agreement dated September 9, 1997, as amended and restated on October 16, 2001 and February 13, 2004, and as further amended on November 1, 2007 and January 16, 2009, together with amended and restated Schedules “A” and “B” each dated March 27, 2012 (the “Trust Agreement”). Sprott Asset Management LP (the “Manager”) acts as the manager, portfolio adviser and promoter of the Fund. RBC Dexia Investor Services Trust acts as trustee (“Trustee”) and custodian (“Custodian”) for the Fund.

All of the mutual funds managed by the Manager including classes of shares of Sprott Corporate Class Inc. (the “Corporation”) and individual mutual fund trusts offered under separate simplified prospectuses, with the Fund offered herein, are collectively referred to as the “Sprott mutual funds”. When you invest in the Fund, you are buying trust units. When you invest in a Sprott mutual fund that is a separate class of shares of the Corporation (offered under separate simplified prospectuses), you are buying mutual fund shares in the Corporation. We refer to both units and shares as “securities” in this document.

The head office and principal place of business of the Fund and the Manager is located at:

Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario, M5J 2J1

INVESTMENT RESTRICTIONS AND PRACTICES

Regular Practices and Restrictions

The Fund is managed in accordance with the standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102 (“NI 81-102”) of the Canadian securities administrators other than as noted below. These restrictions and practices have been designed by the Canadian securities administrators to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. NI 81-102 prescribes that unitholder approval must be obtained before any change can be made to the fundamental investment objectives of the Fund.

Units of the Fund are qualified investments under the *Income Tax Act* (Canada) (the “Act”) for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts (collectively “Registered Plans”). Annuitants of registered retirement savings plans and registered retirement income funds, and holders of tax-free savings accounts, should consult with their own tax advisers as to whether units of the Fund would be prohibited investments under the Act in their particular circumstances.

The Fund is considered to be a “dealer managed” mutual fund for the purposes of NI 81-102. Applicable securities laws impose restrictions on investments by dealer managed mutual funds. In accordance with such rules, subject to certain exemptions or prior authorizations to the contrary, the Fund may not make an investment in any class of securities of any issuer (other

than those guaranteed by the Government of Canada, the government of a province of Canada or an agency of the foregoing) (i) for which the Manager or its associates or affiliates has acted as underwriter (except for a small selling group participation) during the preceding 60 days or (ii) of which any director, officer or employee of the Manager or an affiliate or associate of the Manager, is a partner, director or officer, if such person participates in the formulation of, influences or has access prior to implementation of, investment decisions made on behalf of the Fund.

Exceptions Regarding Regular Practices and Restrictions

Standing Instructions by the Independent Review Committee

Subject to obtaining the approval of the independent review committee of the Spratt mutual funds (the “IRC”) (please see “Independent Review Committee” on page 18 for more information) and compliance with the conditions set out in NI 81-102 and National Instrument 81-107 (“NI 81-107”), securities laws allow the standard practices and investment restrictions to be modified. In accordance with the requirements of NI 81-102 and NI 81-107, the Manager intends to seek IRC approval in respect of transactions including investing in equity securities and debt securities of an issuer during the offering of the securities or at any time during the 60-day period following the completion of the offering of such securities, notwithstanding that a related dealer has acted as underwriter in the relevant offering of the same class of such securities (in accordance with the Related Dealer Relief below and in accordance with the policies and procedures relating to such investments).

Exemptive Relief Decisions

The Fund has obtained an exemption from the Canadian securities regulatory authorities allowing it to engage in certain transactions in equity and debt securities which, without the exemption, would be prohibited. Pursuant to such exemption, the Fund, with the approval of the IRC in accordance with NI 81-107 and subject to compliance with certain other provisions of NI 81-107 and NI 81-102, may (i) purchase equity securities of a reporting issuer during the period of distribution of the issuer’s securities pursuant to a “private placement” offering (an offering under exemptions from the prospectus requirements) and for the 60-day period following the completion of the offering; and (ii) purchase debt securities (other than asset-backed commercial paper) which do not have an approved rating by an approved credit rating organization during the period of distribution of the debt securities and for the 60-day period following the period of distribution, each notwithstanding that a related dealer is acting or acted as underwriter in connection with the relevant offering of the same class of such securities. The purchase must also comply with the investment objectives of the Fund (the “Related Dealer Relief”). The Manager intends to develop and implement policies and procedures to ensure compliance with the conditions of the Related Dealer Relief and that the conditions of the standing instructions of the IRC in connection with the Related Dealer Relief are met.

The Fund has obtained exemptive relief from Canadian securities regulatory authorities to invest up to 100% of its net asset value, taken at the market value at the time of investment, in silver and/or silver certificates.

The Fund has obtained relief from the Canadian securities regulatory authorities from the prohibition on making an investment in a class of securities of an issuer of which a partner, director, officer or employee of the dealer manager of the Fund, or a partner, director, officer or employee of an affiliate or associate of the dealer manager, is a partner, director or officer when the partner, director, officer or employee: (i) may participate in the formulation of investment decisions made on behalf of the Fund; (ii) may have access before implementation to information concerning investment decisions made on behalf of the Fund; or (iii) may influence the investment decisions made on behalf of the Fund, so that the Fund is permitted to purchase certain exchange-traded securities of a related issuer in the secondary market. The conditions to the relief are: (i) the purchase or holding is consistent with, or is necessary to meet, the investment objective of the Fund; (ii) the IRC of the Fund has approved the transaction in accordance with NI 81-107; (iii) the purchase is made on an exchange on which the securities are listed and traded; and (iv) no later than the time the Fund files its annual financial statements, the Manager files with the Ontario Securities Commission the particulars of any such investments.

The Fund has obtained relief from the Canadian securities regulatory authorities from the prohibition on purchasing a security from or selling a security to certain entities deemed to be related to the Fund or the Manager, acting as principal, so that the Fund is permitted to purchase debt securities from or sell debt securities to a pooled fund or a closed-end fund managed and/or advised by the Manager (an “Inter-fund Trade”). The conditions to the relief are: (i) the IRC of the funds involved in the Inter-fund Trade has approved the transaction in accordance with NI 81-107; and (ii) at the time of the Inter-fund Trade, the transaction complies with certain conditions set out in NI 81-107.

The Fund has obtained exemptive relief from Canadian securities regulatory authorities to permit: (i) the physical bullion of the Fund to be held outside Canada by The Bank of Nova Scotia (the “Bullion Custodian”) or Brinks or Via Mat (each of Brinks and ViaMat, as defined below) for purposes other than facilitating portfolio transactions of the Fund; (ii) the Custodian or the Bullion Custodian to appoint the Brinks Company, or its subsidiaries or affiliates (“Brinks”) or Via Mat International Ltd., or its subsidiaries or affiliates (“Via Mat”), which are persons or companies that are not described in section 6.2 or 6.3 of NI 81-102, to act as sub-custodians to hold the Fund’s physical bullion; (iii) Brinks or Via Mat to be appointed as sub-subcustodians of the Fund to hold the Fund’s physical bullion in Canada; and (iv) Brinks and Via Mat to be appointed as sub-subcustodians of the Fund to hold the Fund’s physical bullion outside Canada.

DESCRIPTION OF UNITS

General

The Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units in each series. The Fund has three series of units:

Series A units: Available to all investors.

Series F units: Available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with the Manager, investors for whom the Manager does not incur distribution costs, or individual investors approved by the Manager.

Series I units: Available to institutional investors or other investors on a case-by-case basis, all at the discretion of the Manager.

Although the money which you and other investors pay to purchase units of any series is tracked on a series-by-series basis in the Fund's administrative records, the assets of all series of the Fund are combined into a single pool to create one portfolio for investment purposes. Please refer to the Fund's Simplified Prospectus for further information pertaining to Series A, Series F and Series I units of the Fund.

Units of a series of the Fund represent your ownership in the Fund. You receive distributions of the Fund's net income and net capital gains attributable to your units based on their relative net asset value per unit for each series in the Fund. Upon the wind-up or termination of the Fund, unitholders of the Fund will be entitled to participate pro rata in the Fund's net assets allocated to the applicable series. If you hold units in the Fund, you will be entitled to vote at the unitholder meetings of the Fund as a whole as well as any unitholder meetings for the particular series of units that you own. Units are issued as fully paid and non-assessable and are redeemable at their net asset value per unit. There are no pre-emptive or conversion rights attached to the units. The Fund may issue an unlimited number of units. Each unit, regardless of the series, will entitle the holder to one vote at all meetings of unitholders. The Fund may issue fractional units, which shall entitle the holder to similar proportionate participation in the Fund but will not entitle the holder to receive notice of, or vote at, meetings of unitholders of the Fund.

Meetings of unitholders

Unitholders of the Fund will be entitled to vote to approve all matters that require unitholder approval under NI 81-102 or the Trust Agreement. As at the date of this document, these matters include:

- a change in the manager of the Fund, unless the new manager is an affiliate of the Manager;
- any change in the fundamental investment objective of the Fund;
- any decrease in the frequency of calculating the net asset value of the Fund;
- certain material reorganizations of the Fund;
- if the basis of the calculation of a fee or expense that is charged to the Fund or a series of the Fund or directly to the unitholders of the Fund by the Fund or the Manager in connection with the holding of units of the Fund is changed in a way that could result in an increase in charges to the Fund or the series of the Fund or to the unitholders, unless the Fund is at arm's-length to the person or company charging the fee or expense or if applicable securities laws do not require the approval of unitholders to be obtained and if

written notice is sent to all unitholders of the Fund at least 60 days before the effective date of the change;

- if a fee or expense to be charged to the Fund or a series of the Fund or directly to the Fund's unitholders by the Fund or the Manager in connection with the holding of units of the Fund that could result in an increase in charges to the Fund or to its unitholders is introduced, unless the Fund is at arm's-length to the person or company charging the fee or expense or if applicable securities laws do not require the approval of unitholders to be obtained and if written notice is sent to all unitholders of the Fund at least 60 days before the effective date of the change; and
- any other matter which requires the approval of unitholders pursuant to the Trust Agreement or applicable laws.

VALUATION OF PORTFOLIO SECURITIES

As at 4:00 p.m. (Eastern time) on each day that the Toronto Stock Exchange is open for business (a "Valuation Date"), the net asset value per series of the Fund is calculated by subtracting from the series' proportionate share of the fair value of assets of the Fund its proportionate share of fair value of liabilities of the Fund and the fair value of liabilities attributable to that series. The net asset value per series of the Fund is determined in Canadian dollars. To arrive at the net asset value per unit for a series, the net asset value of the series is divided by the number of outstanding units of that series.

In determining the fair value of the assets of the Fund the following rules apply:

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to shareholders of record on a date before the date as of which the net asset value of the Fund is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the reasonable value thereof;
- (b) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (1) in the case of a security which was traded on the day as of which the net asset value of the Fund is being determined, the closing sale price; (2) in the case of a security which was not traded on the day as of which the net asset value of the Fund is being determined, a price which is the average of the closing recorded bid and ask prices; or (3) if no bid or ask quotation is available, the price last determined for such security for the purpose of calculating the net asset value of the Fund. The value of inter-listed securities shall be computed in accordance with directions laid down from time to time by the Trustee; and provided however that if, in the opinion of the Trustee, stock exchange or over-the-counter quotations do not properly reflect the prices which would be received by the Fund upon the disposal of shares or securities necessary to effect any

redemptions of units, the Trustee may place such value upon such shares or securities as appears to the Trustee to most closely reflect the fair value of such shares or securities;

- (c) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking, or agreement by the Fund shall be restricted to the lesser of (1) the value based on reported quotations of that restricted security in common use and (2) that percentage of the market value of securities of the same class, or series of a class of which the restricted security forms part that are not restricted securities, equal to the percentage that the Fund's acquisition cost was of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities;
- (d) a long position in an option or a debt-like security shall be valued at the current market value of the position;
- (e) for options written by the Fund (1) the premium received by the Fund for those options shall be reflected as a deferred credit and the option shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position; (2) any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; (3) the deferred credit shall be deducted in calculating the net asset value per security of the Fund; and (4) any securities that are the subject of a written option shall be valued at their current market value;
- (f) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (g) the value of silver and any other precious metals will be based upon the active spot price;
- (h) the value of any security or other property for which no price quotations are available or in the opinion of the Trustee or the Manager, to which the above valuation principles cannot or should not be applied, shall be the fair value thereof determined from time to time in such manner as the Trustee or the Manager shall from time to time provide;
- (i) the value of all assets and liabilities of the Fund valued in terms of a currency other than the currency used to calculate the Fund's net asset value shall be converted to the currency used to calculate the Fund's net asset value by applying the rate of exchange obtained from the best available sources to the Trustee;
- (j) the value of standardized futures shall be (1) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or (2) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future; and

- (k) margin paid or deposited on standardized futures or forward contracts shall be reflected as an account receivable, and if not in the form of cash, shall be noted as held for margin.

Pursuant to paragraph (h) above, the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a valuation date at such times as the Manager, in its discretion, deems appropriate. For money market investments, such investments are valued at cost plus accrued interest and plus or minus amortization, including foreign currency translation, if applicable, which approximates market value.

The liabilities of the Fund shall be deemed to include:

- (a) all bills and accounts payable;
- (b) all administrative expenses payable and/or accrued;
- (c) all obligations for the payment of money or property, including the amount of any declared but unpaid distributions;
- (d) all allowances authorized or approved by the Trustee for taxes or contingencies; and
- (e) all other liabilities of the Fund of whatever kind and nature, except liabilities represented by outstanding units.

For the purposes of determining the value of silver, the Trustee relies solely on weights provided to the Trustee by the Manager or another third party. The Trustee is not required to make any investigation or inquiry as to the accuracy or validity of the weights.

Portfolio transactions (investment purchases and sales) will be reflected in the first computation of the net asset value per series unit made after the date on which the transaction becomes binding.

The net asset value per series unit of the Fund, for all purposes other than financial statements, is calculated using the valuation principles described above. Pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure*, the Fund is required to calculate the net asset value per series unit for the purposes of the financial statements in accordance with Canadian generally accepted accounting principles (GAAP) (such value is referred to as the “net assets per series unit”). The valuation principles and practices established by the Manager differ from Canadian GAAP primarily with respect to fair valuation of listed securities. Under Canadian GAAP, financial instruments that are quoted in active markets shall be measured based on the bid price for long positions and the ask price for short positions, while under the Manager’s valuation principles, such securities shall be valued using the closing price. As a result, the net assets per series unit presented in the financial statements may differ from the net asset value per series unit for the purpose of redemption and purchase of units of the Fund.

The Manager may declare a suspension of the calculation of the net asset value per unit for each series of the Fund in the circumstances described under the heading “Redemption of Units”. Upon such suspension, the Manager shall advise the Trustee accordingly. There will be no

calculation of net asset value per unit for each series during any suspension period and the Fund will not be permitted to issue further units or redeem any units during this period.

CALCULATION OF UNIT PRICE

As at 4:00 p.m. on each Valuation Date, the net asset value per unit is calculated for each series of the Fund. The net asset value per unit (or unit price) of a series will be based on the market value of the series' proportionate share of the assets of the Fund, less that series' proportionate share of common liabilities and less any liabilities attributable to that series of the Fund, divided by the total outstanding units of that series. The net asset value per unit of a series is the basis for all purchases, switches, reclassifications and redemptions and for reinvestment of distributions.

PURCHASE OF UNITS

The Fund offers Series A, Series F and Series I units. Units of the Fund may be purchased in each of the provinces and territories of Canada. You may purchase, switch, reclassify or redeem units of the Fund directly through your registered dealer approved by the Manager. The procedures to be followed by investors who desire to purchase units of the Fund are described in the Fund's Simplified Prospectus.

Series A units of the Fund are available to investors under the Initial Sales Charge purchase option. Please refer to the Fund's Simplified Prospectus for a description of this purchase option.

Units of the Fund may be purchased at their net asset value per unit of a specific series, computed as described under "Calculation of Unit Price". The purchase price per unit is the net asset value per unit of a series next determined following receipt by the Fund of a completed purchase order. Any purchase order received on a Valuation Date after the cut-off time or on any day which is not a Valuation Date is deemed to have been received on the following Valuation Date. The purchase price per unit will then be the net asset value per unit of the series established on the Valuation Date following the day of actual receipt of the purchase order. If your purchase order is received by RBC Dexia Investor Services Trust before 4:00 p.m. (Eastern time) on a Valuation Date, you will pay the net asset value per unit set on that Valuation Date, or if received after 4:00 p.m., the net asset value per unit set on the next Valuation Date, subject to RBC Dexia Investor Services Trust receiving all necessary forms properly completed.

The Manager must receive full payment within 3 business days of processing your order. If payment is not received within that time or if the payment is returned, the Manager may deem the units you ordered as having been redeemed by you on the next business day. If the proceeds are greater than the amount you owe the Manager, your dealer will pay the difference to the Fund, and your dealer may seek reimbursement from you for any losses caused by you in connection with such failed settlement of the purchase of units of the Fund where such dealer has the contractual right to do so.

No certificates are issued for units purchased but an investor receives, following each purchase of units, a written statement indicating all relevant details of the purchase transaction including the number of units purchased, cost per unit and the total dollar amount of the purchase order.

SWITCHES BETWEEN SPROTT MUTUAL FUNDS

You may, at any time, switch all or part of your investment in a series of units of the Fund to securities of another Sprott mutual fund of the same series and the same purchase option, provided that the series of securities you wish to switch to is offered by that other Sprott mutual fund. You may request a switch of your series of units by contacting your registered broker or dealer.

A switch is a redemption of units of the Fund and a purchase of securities of another Sprott mutual fund, resulting in a taxable disposition of the units switched. Accordingly, you will likely realize a capital gain or loss on the switch transaction. Please see “Income Tax Considerations” on page 19.

When you switch units of any series of the Fund, your registered dealer may charge you a switch fee of up to 2% of the net asset value of the units switched. This fee is negotiated with and paid to your dealer.

Upon a switch of your series of units, the number of units you hold will change since each series of securities of a Sprott mutual fund has a different series net asset value.

RECLASSIFICATIONS BETWEEN SERIES OF THE FUND

You may, at any time, reclassify all or part of your investment in one series of the Fund to another series of the Fund, provided that you are eligible to invest in the series of units that you are reclassifying into. A reclassification between series of units of the Fund will not be considered a disposition for tax purposes and, accordingly, you will not realize a capital gain or loss. Please see “Income Tax Considerations” on page 19. You may request a reclassification of your series of units by contacting your registered broker or dealer.

When you reclassify units of a series of the Fund, your registered dealer may charge you a fee of up to 2% of the net asset value of the units reclassified. This fee is negotiated with and paid to your dealer.

Upon a reclassification of your series of units, the number of units you hold will change since each series of units of the Fund has a different series net asset value. If you cease to satisfy the criteria for holding Series F or Series I units of the Fund, such series of units held by you will be reclassified as Series A units of the Fund under the Initial Sales Charge Option.

REDEMPTION OF UNITS

An investor may redeem units of the Fund by completing a redemption request and delivering it to the investor’s registered dealer approved by the Manager. The Manager may require that an investor’s signature on any redemption request be guaranteed by a bank, trust company, credit union or otherwise to the satisfaction of the Manager. A redemption request received by RBC Dexia Investor Services Trust before 4:00 p.m. (Eastern time) on a Valuation Date will receive the net asset value per unit for the applicable series of units established on that day. A redemption request received by RBC Dexia Investor Services Trust after 4:00 p.m. (Eastern time) or on a day which is not a Valuation Date will receive the net asset value per unit for the

applicable series of units on the next Valuation Date. A dealer which receives a redemption request is required to transmit the redemption request to RBC Dexia Investor Services Trust without charge to the investor and, where practicable, by courier, priority post or telecommunications facility.

RBC Dexia Investor Services Trust will pay redemption proceeds within three business days after the receipt of the investor's order, provided the written request for redemption submitted to the registered dealer is complete and the registered dealer has provided correct settlement instructions to RBC Dexia Investor Services Trust.

Your dealer may seek reimbursement from you for any of its losses caused by you in connection with a failed settlement of a redemption of units of the Fund where such dealer has the contractual right to do so.

The Fund may suspend the right of unitholders to redeem units (a) for the whole or any part of a period during which normal trading is suspended on a stock exchange or options exchange within or outside Canada on which securities are listed and posted for trading if those securities represent more than 50 percent by value, or underlying market exposure, of the total assets of the Fund (without allowance for liabilities) and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (b) with the consent of the Ontario Securities Commission.

The Fund may postpone payment during a period in which the right of unitholders to request redemption of their units is suspended, despite the Fund's obligation to pay the redemption price for units that have been redeemed in accordance with the redemption requirements.

RESPONSIBILITY FOR OPERATION OF THE FUND

The Manager

Sprott Asset Management LP is the manager of the Fund. The registered office of the Manager is located at the Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario, M5J 2J1. Further contact information of the Manager is as follows:

Tel: (416) 943-6707
Fax: (416) 943-6497
E-mail: invest@sprott.com
Website: www.sprott.com
Toll free number: 1-866-299-9906

Under the Trust Agreement, the Manager is responsible for providing all management and administrative services required by the Fund, which includes the management of the investment portfolio, investment analysis, recommendations and decisions, the implementation of the portfolio purchase and sale transactions and arranging for the distribution of the Fund's units and is paid a management fee for performing its duties. Pursuant to the Trust Agreement, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities. The Manager may resign as manager of the Fund on 90 days' prior written notice to the Trustee and to the unitholders, other than a

resignation in connection with a corporate reorganization which results in no material change to the day-to-day management, administration or operation of the Fund. The Manager will appoint a successor manager of the Fund, and unless the successor manager is an affiliate of the Manager, such appointment must be approved by a majority of the unitholders of the Fund. If prior to the effective date of the Manager’s resignation, a successor manager is not appointed or the unitholders of the Fund do not approve the appointment of the successor manager as required, the Fund will be terminated in accordance with the terms of the Trust Agreement. The Manager is overseen by the IRC in respect of conflict of interest matters identified by the Manager. For further information on the IRC, please see page 18.

The names, places of residence and present positions held by the directors and officers of the Manager and/or of Sprott Asset Management GP Inc., the general partner of the Manager (the “GP”), are listed below.

Name and Municipality of Residence	Position with the Manager and/or the GP	Principal Occupation
Eric Steven Sprott Oakville, Ontario	Chief Executive Officer, Chief Investment Officer and Senior Portfolio Manager of the Manager, and Director and Chief Executive Officer of the GP	Chief Executive Officer, Chief Investment Officer and Senior Portfolio Manager of the Manager; Chairman of Sprott Inc.
Steven Rostowsky Thornhill, Ontario	Chief Financial Officer of the Manager, and Director and Chief Financial Officer of the GP	Chief Financial Officer of the Manager and Sprott Inc.
James Robert Fox Toronto, Ontario	President of the Manager and Director of the GP	President of the Manager; Registered Representative of Sprott Private Wealth LP
Kirstin Heath McTaggart Mississauga, Ontario	Chief Compliance Officer of the Manager and Director of the GP	Chief Compliance Officer of the Manager and Sprott Private Wealth LP
Allan Jacobs Toronto, Ontario	Senior Portfolio Manager and Director of Small Cap Investments of the Manager and Director of the GP	Senior Portfolio Manager and Director of Small Cap Investments of the Manager
John Ciampaglia Caledon, Ontario	Chief Operating Officer of the Manager	Chief Operating Officer of the Manager

Each of the directors and officers has worked for Sprott Asset Management LP (or Sprott Asset Management Inc., the manager of the Sprott mutual funds prior to June 1, 2009) for the past five years except for Steven Rostowsky, Allan Jacobs and John Ciampaglia.

Mr. Rostowsky was the Senior Vice-President, Finance and Administration at the Investment Dealers Association of Canada from January 2005 to March 2008.

Mr. Jacobs was the head of Canadian Small Cap Equities and Portfolio Manager at Sceptre Investment Counsel Limited from April 1993 to August 2007.

Mr. Ciampaglia was a Senior Executive at Invesco Trimark from 2001 to March 2010.

Portfolio Adviser

The Manager is the portfolio adviser (the “Portfolio Adviser”) to the Fund.

The Portfolio Adviser provides investment management services to other clients. Those client accounts may follow the same investment objective and strategy as used by the Fund. In placing an order to buy and sell securities, execution between the Fund and other accounts will be conducted in a manner which the Portfolio Adviser believes is fair and equitable. The Portfolio Adviser and its principals may also trade in securities for their personal accounts and may also invest in the same securities as the Fund. In doing so, the Portfolio Adviser and its principals will comply with all applicable laws.

Investment decisions for the Fund are made completely and solely by the Portfolio Adviser. Eric Sprott, CA heads up the portfolio management team. Eric Sprott has over forty years of experience in the investment industry. Mr. Sprott specializes in investing in growth and value, small-to-mid capitalization Canadian equities. He worked for Sprott Securities Inc. (now Cormark Securities Inc.) from 1981 to 2002 and for the Portfolio Adviser since its inception in 2000.

In addition to Eric Sprott, the portfolio management team for the Fund includes Charles Oliver.

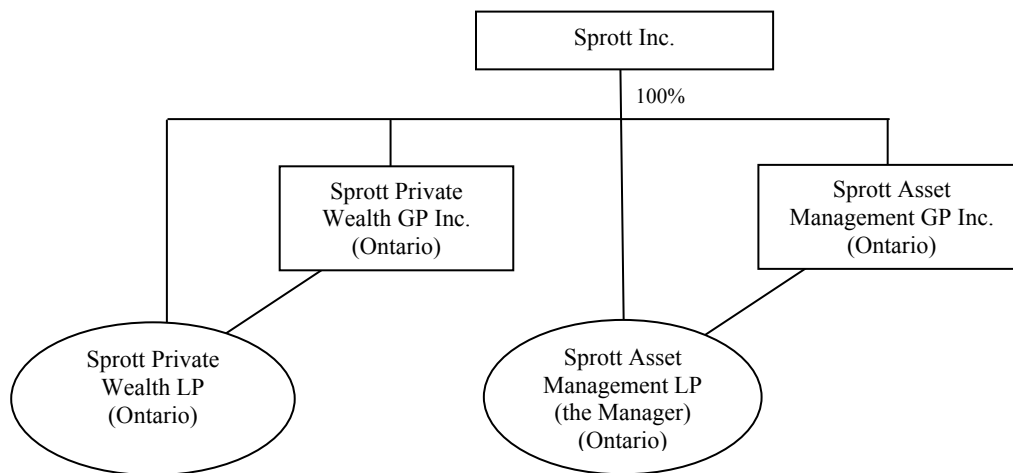
Charles Oliver, CFA has over twenty-one years of investment industry experience. Mr. Oliver was previously a portfolio manager at AGF Management Limited. Mr. Oliver joined the portfolio management team in January 2008.

The Manager remains wholly responsible for the management of the Fund, including the management of its investment portfolio.

The Manager has a portfolio management committee which meets on a quarterly basis to review the economic and market outlook as well as the focus of the Fund. Investment decisions made by the portfolio management team are not subject to oversight, approval or ratification of this committee.

Affiliated Entities

The diagram below sets out the relationships among the affiliated entities that provide services to the Fund or to the Manager in connection with the Fund. The disclosure of the amount of fees received from the Fund by each affiliated entity that provides services to the Fund or to the Manager in relation to the Fund is provided in the audited financial statements of the Fund.



Sprott Asset Management GP Inc. is the general partner of Sprott Asset Management LP. Sprott Private Wealth GP Inc. is the general partner of Sprott Private Wealth LP.

Each of the following individuals are a director and/or officer of the Manager or the general partner of the Manager, who also is a director and/or officer of an entity that provides services to the Fund or to the Manager (or of the general partner of such entity):

Name	Position with the Manager or the General Partner of the Manager	Position with Affiliated Entities
James Robert Fox	President of the Manager and Director of Sprott Asset Management GP Inc.	Director of Sprott Private Wealth GP Inc.
Kirstin Heath McTaggart	Chief Compliance Officer of the Manager and Director of Sprott Asset Management GP Inc.	Director and Chief Compliance Officer of Sprott Private Wealth GP Inc.

Trustee, Custodian and Recordkeeper

Under the Trust Agreement, RBC Dexia Investor Services Trust of Toronto, Ontario has been appointed the custodian (the “Custodian”), trustee (the “Trustee”) and recordkeeper (the “Recordkeeper”) of all assets held on behalf of the Fund. Under the Trust Agreement, the Trustee may resign as the trustee of the Fund by giving the Manager 60 days’ prior notice, and the Manager may remove the Trustee by giving the Trustee 60 days’ prior notice. The Manager

may also appoint another custodian for the Fund with the consent of the Trustee and in accordance with applicable law.

The Custodian holds the Fund's cash and assets on behalf of the Fund and is responsible for ensuring that they are safe and secure. The Custodian may appoint sub-custodians to hold assets at the offices of sub-custodians under arrangements made to the satisfaction and order of the Custodian and in compliance with applicable regulatory requirements. The Custodian has appointed the Bullion Custodian to act as sub-custodian through a sub-custodian arrangement (the "Bullion Custodian Agreement"). The Bullion Custodian Agreement permits the Bullion Custodian to utilize Brinks and/or Via Mat as sub-subcustodians (each a "Sub-subcustodian") of the Fund in order to hold some or all of the Fund's bullion.

The physical silver is either stored in the vault of the Bullion Custodian on an allocated and segregated basis or is stored in the vault of a Sub-subcustodian on an allocated and segregated basis, where in the latter case it is identified as the property of the Bullion Custodian. The Bullion Custodian will at all times record and identify in the books and records maintained by the Bullion Custodian that such bullion is being held on behalf of the Custodian. The physical silver is held in locations in Canada, London and/or New York.

All of the bullion purchased by the Fund is certified London Good Delivery. The Bullion Custodian or any Sub-subcustodian maintains insurance on such terms and conditions as it considers appropriate against all risk of physical loss of, or damage to, bullion stored in its vaults except the risk of war, nuclear incident, terrorism events or government confiscation. None of the Manager, the Fund nor the Custodian is a beneficiary of any such insurance and none of them have the ability to dictate the existence, nature or amount of coverage. The Bullion Custodian Agreement provides that the Bullion Custodian will not cancel its insurance and will not permit its Sub-subcustodian to cancel such insurance except upon 30 days prior written notice to the Manager.

The Trustee holds title to the assets owned by the Fund on behalf of unitholders. The Manager and Trustee have exclusive authority over the assets and affairs of the Fund with a fiduciary responsibility to act in the best interests of the unitholders.

The Recordkeeper keeps a register of the owners of units of the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information.

Under the Trust Agreement, RBC Dexia Investor Services Trust is paid a fee for performing its duties as the Trustee, Custodian and Recordkeeper.

Auditors

The auditors of the Fund are Ernst & Young LLP of Toronto, Ontario. The Manager will not seek the approval of unitholders before changing the auditors of the Fund; however, the Manager will provide unitholders with at least 60 days written notice before the effective date of any such change.

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio assets and portfolio securities, and the execution of portfolio transactions, including the selection of the market, broker and the negotiation of commissions, are made by the Portfolio Adviser. In effecting portfolio transactions, overall service and prompt execution of orders on favourable terms will be a primary consideration. In all circumstances, the Portfolio Adviser will seek to obtain the best order execution for the Fund and to minimize transaction costs.

The Portfolio Adviser does not direct any brokerage transactions involving client brokerage commissions to a dealer in return for any goods and services other than order execution.

Provided that pricing, service and other terms are comparable or less costly than those offered by other dealers, it is anticipated that a portion of the portfolio transactions for the Fund will be arranged through Sprott Private Wealth LP, a registered investment dealer and an affiliate of Sprott Asset Management LP. At times, the Fund may direct a significant portion of portfolio transactions to Sprott Private Wealth LP.

OWNERSHIP

Principal Holders of Securities

The general partner of Sprott Asset Management LP is a direct wholly-owned subsidiary of Sprott Inc., which is the sole limited partner of Sprott Asset Management LP. As at May 8, 2012, Eric S. Sprott owned 94,241,470 common shares, representing 55.55% of the issued and outstanding voting securities of Sprott Inc. and The Rule Family Trust owned 19,267,500 common shares, representing 11.36% of the issued and outstanding voting securities of Sprott Inc.

As at April 30, 2012, the following unitholders owned more than 10% of a series of the issued and outstanding units of the Fund:

Holder of Units	Series	Type of Ownership	Number of Securities Owned	Percentage of Issued and Outstanding Units of the Series
Investor A*	A	Beneficially and of record	1,166,508	12%
Investor B*	F	Beneficially and of record	1,971,412	17%
Investor C*	F	Beneficially and of record	1,268,500	11%
Investor D*	F	Beneficially and of record	3,481,579	29%
Investor E*	F	Beneficially and of record	1,751,816	15%
Sprott Silver Bullion Class	I	Beneficially and of record	164,417	100%

* To protect the privacy of these individual investors, the Manager has omitted the name of the unitholders. This information is available on request by contacting the Manager at the telephone number on the back of this Annual Information Form.

As at May 8, 2012, the directors and senior officers of the Manager, in aggregate, beneficially owned, directly or indirectly, 14.78% of the issued and outstanding Series F units of the Fund.

As at May 8, 2012, the members of the IRC did not own any securities in the Manager or any person or company that provide services to the Fund or to the Manager. In addition, the members, in the aggregate, did not own more than 10% of a series of securities of the Fund.

FUND GOVERNANCE

Generally

Sprott Asset Management LP, as manager of the Fund, is ultimately responsible for fund governance, and is overseen by the directors and officers of the Manager and/or Sprott Asset Management GP Inc., the general partner. Details of the directors and officers of the Manager and/or of Sprott Asset Management GP Inc., the general partner of the Manager, are disclosed above under “The Manager”.

The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Fund. The systems implemented monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Fund while ensuring compliance with regulatory and corporate requirements.

Derivatives

The Fund may use derivatives, including, in particular, currency forward contracts as discussed under the heading “Investment Strategies” in the Fund’s Simplified Prospectus. The purpose of entering into currency forward contracts by the Fund is to minimize the risk to the Fund from adverse changes in the relationship between the Canadian dollar and other currencies. A forward contract is an obligation to purchase or sell a specific currency for an agreed price at a future date which is individually negotiated and privately traded by currency traders and their customers.

The Fund must comply with the investment restrictions and practices in NI 81-102 in connection with its use of these currency forward contracts for hedging purposes. The Portfolio Adviser has processes in place to ensure the Fund complies with such restrictions and practices when it uses derivatives. The Portfolio Adviser reviews the use of derivatives by the Fund on a daily basis, and monitors trading activities. Portfolio management software is also utilized to confirm that each security transaction complies with the investment guidelines and restrictions for the Fund. The Portfolio Adviser currently does not have any written policies with respect to the use of derivatives by the Fund.

The Manager considers the use of derivatives in conjunction with the provisions of NI 81-102 and with any relief orders granted to the Fund by the securities regulators. The Manager is responsible for ensuring that all trading limits or other controls are complied with.

Short-Term Trading

The Manager has adopted certain restrictions to deter short-term trading. For example, the Manager may restrict purchases if an investor engages in such short-term trading. The

Manager's restrictions also include charging a fee of up to 1.0% of the net asset value of the units that are redeemed within 30 days of purchasing or switching them. These fees are payable to the Fund.

RBC Dexia Investor Services Trust, on behalf of the Manager, monitors and detects short-term trading. RBC Dexia Investor Services Trust, on direction from the Manager, automatically charges a short-term trading fee to any redemption of units of the Fund that is made within 30 days of purchasing those units. The Manager assesses the short-term trading fee charged to an investor on a case-by-case basis and may, at its absolute discretion, reverse a short-term trading fee that has been charged to an investor.

The short-term trading fees will not be charged for a redemption of units: (i) acquired through automatic reinvestment of all distributions by the Fund; (ii) in connection with a failed settlement of a purchase of units; (iii) as a result of switching between the Fund and another Sprott mutual fund; (iv) as a result of reclassifying units of the Fund from one series into another series of the Fund; (v) for a redemption of units by another investment fund or investment product approved by the Manager; or (vi) in the absolute discretion of the Manager as described above. For purposes of the short term trading fee, units will be considered to be redeemed on a first in first out basis.

While these restrictions and our monitoring attempt to deter short-term trading, the Manager cannot ensure that such trading will be completely eliminated.

Proxy Voting Guidelines

The Portfolio Adviser is wholly responsible for establishing, monitoring and amending (if necessary) the policies and procedures relating to the voting of proxies received in connection with the Fund's portfolio securities.

Proxy voting for securities held by the Fund is conducted in accordance with the proxy voting policies and procedures of the Portfolio Adviser. In general, given the Fund's investments there will be no proxies for the Fund to vote. These types of securities are typically non-voting. In the event that the Fund owns voting securities, the Portfolio Adviser will vote, generally, in favour of the following proxy proposals:

- electing and fixing number of directors
- appointing auditors
- ratifying director actions
- approving private placements exceeding 25% threshold
- changing registered address
- authorizing directors to fix remuneration of auditors
- approving private placements to insiders exceeding 10% threshold
- approving special resolutions to change the authorized capital of the company to an unlimited number of common shares without par value

The Portfolio Adviser will vote against any proposal relating to stock option plans that: (i) exceed 5% of the common shares issued and outstanding at the time of grant over a three year period (on a non-diluted basis); (ii) provide that the maximum number of common shares issuable pursuant to such plan be a “rolling” maximum equal to 5% of the outstanding common shares at the date of the grant of applicable options; and (iii) reprices the stock option.

In certain cases, proxy votes may not be cast when the Portfolio Adviser determines that it is not in the best interests of unitholders of the Fund to vote such proxies. In the event a proxy raises a potential material conflict of interest between the interests of the Fund and the Manager, Portfolio Adviser, affiliate or associate of the Fund or the manager or portfolio adviser of such affiliate or associate, the conflict will be resolved in the best interests of the unitholders and the Fund.

The Portfolio Adviser retains the discretion to depart from these policies on any particular proxy vote depending upon the facts and circumstances.

The proxy voting guidelines of the Fund are available on request, free of charge, by contacting the Manager at 1-866-299-9906 and are available on our website at www.sprott.com. The Portfolio Adviser will maintain and prepare an annual proxy voting record for the Fund. The proxy voting record for the annual period ending June 30 each year for the Fund will be available free of charge to any investor upon request at any time after August 31 of that year.

Independent Review Committee

In accordance with NI 81-107, the Manager has established an IRC for all the Sprott mutual funds, which include the Fund. The IRC complies with applicable securities legislation, including NI 81-107. The IRC is composed of three individuals, each of whom is independent of the Sprott mutual funds, the Manager and its affiliates. The current members of the IRC and their principal occupations are as follows:

Name and municipality of residence	Principal Occupation
Lawrence A. Ward (Chair)	Consultant
W. William Woods	Consultant
Eamonn McConnell	Consultant

The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it follows when performing its functions.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Sprott mutual funds. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Sprott mutual funds, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures outlining its management of those conflicts of interest. The Manager must refer its

proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC's prior approval, but in most cases, the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action will provide a fair and reasonable result for the Sprott mutual funds. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions.

The IRC will report annually to unitholders of the Sprott mutual funds on its activities, as required by NI 81-107. The reports of the IRC will be available free of charge from the Manager on request by contacting the Manager at invest@sprot.com and will be posted on the Manager's website at www.sprot.com. The annual report of the IRC in respect of the Fund will be available on or about March 31 in each year.

FEES AND EXPENSES

To encourage large purchases in the Fund and to achieve effective management fees that are competitive for these investments, the Manager may reduce the management payable by the Fund with respect to the units held by a particular investor, based on a number of factors including the type of investor and the number and value of units held by an investor. At a minimum, an investor must hold \$15,000,000 of investments in the Fund in order to be eligible for this fee reduction. The minimum amount may be waived or reduced in the absolute discretion of the Manager.

Investors who receive the benefit of a management fee reduction with the Manager will receive a proportionately larger distribution from the Fund (a "fee distribution") so that those investors will receive the benefit of the lower fee. Fee distributions are paid first out of net income and net realized capital gains, and thereafter out of capital. See "Fees and Expenses" in the Fund's Simplified Prospectus for more information.

INCOME TAX CONSIDERATIONS

This general summary applies to a trust governed by a Registered Plan and an individual (other than a trust) who is resident in Canada and holds units of the Fund as capital property for the purposes of the Act. This summary is based on the current provisions of the Act and the regulations thereunder, specific proposals to amend the Act and regulations that have been publicly announced by the Minister of Finance (Canada) ("Minister") prior to the date hereof ("Proposed Amendments") and the published administrative practices and policies of the Canada Revenue Agency. This summary is not exhaustive of all possible Canadian federal income tax considerations and does not deal with foreign or provincial income tax legislation or considerations.

This summary is based on the assumption that the Fund will qualify as a mutual fund trust under the Act at all material times. The Manager expects that the Fund will so qualify. If the Fund were to fail to qualify as a mutual fund trust at any time, the tax considerations would in some respects be materially different from those described herein.

This summary is of a general nature only and is not intended to constitute legal or tax advice to an investor. Investors should seek independent advice regarding the tax consequences of investing in units, based upon the investors' own particular circumstances.

Taxation of the Fund

The Fund will in each year distribute sufficient net income and net realized capital gains to investors so that the Fund will not be liable for income tax under Part I of the Act, after taking into account any capital gains refunds under the Act. Reasonable administrative and other expenses incurred for the purpose of earning income can be deducted by the Fund.

The Fund may elect to have a taxation year end of December 15 and, if it so elects, net income and net realized capital gains in respect of that taxation year will be distributed between December 15 and December 31.

As the Fund intends to be a long-term passive holder of silver, and generally disposes its holdings in silver bullion only for the purpose of meeting redemption requests, the Fund may treat gains as a result of such dispositions in silver bullion as capital gains, depending on the circumstances. The Canada Revenue Agency has 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 the circumstances. Accordingly, the Canada Revenue Agency may disagree with the position of the Fund if the Fund chooses to treat gains from dispositions of silver bullion as capital gains. The Fund will generally treat gains and losses from trading in derivatives for hedging purposes in the same manner as the investments that such derivatives are used to hedge. For example, if derivatives are used to hedge investments treated on capital account, gains and losses from trading in such derivatives will also be treated as capital gains. However, if derivatives are used to hedge investments treated on income account, gains and losses from trading in such derivatives will be treated as income. There can be no assurance that the Canada Revenue Agency will agree with these positions taken by the Fund on gains and losses from derivatives.

Taxation of the Investor

An investor will be required to include in income for tax purposes for any year the amount of net income and the taxable portion of net realized capital gains paid or payable to him or her in the year, whether such amounts are reinvested in additional units or paid by cheque. A fee distribution to an investor may include net income and net realized capital gains. Provided that the Fund makes the appropriate designations, to the extent permitted under the Act, investors generally will be entitled to treat amounts of income and net taxable capital gains of the Fund paid or payable to them, as if the investors received such amounts directly. Investors will be provided with information slips reporting their share of the Fund's income, including capital gains and allowable tax credits.

An investor must include in income for tax purposes the net income and net taxable capital gains paid or payable to him or her in the year by the Fund, even if the income and capital gains accrued to the Fund or were realized by the Fund before the investor acquired the units.

To the extent that distributions (including fee distributions) paid or payable to an investor in a year by the Fund exceed the investor's share of the Fund's net income and net realized capital gains for the year, the excess (except to the extent that it is proceeds of disposition) will be a return of capital and will not generally be taxable in the investor's hands in the year of receipt but will reduce the adjusted cost base of an investor's units of the Fund.

Management fees paid directly to the Manager by holders of Series I units will not be deductible by those unitholders.

Upon the actual or deemed disposition of a unit of the Fund, including the redemption of a unit and a redemption to effect a transfer to another Sprott mutual fund, a capital gain (or a capital loss) will be realized by the investor to the extent that the proceeds of disposition of the unit, less any costs of disposition exceed (or are exceeded by) the adjusted cost base to the investor of his or her unit. Generally, one-half of a capital gain must be included in an investor's income as a taxable capital gain and one-half of a capital loss may be used to offset taxable capital gains in accordance with the provisions of the Act. A reclassification of one series of units of the Fund into another series of units of the Fund will not, by itself, result in a disposition of the units being changed.

Generally, for the purpose of determining the adjusted cost base to an investor of units of the Fund, when a unit of the Fund is acquired, whether on the reinvestment of distributions or otherwise, the adjusted cost base of the unit is determined by averaging the cost of the newly-acquired unit with the adjusted cost base to the investor of all other identical units held by the investor immediately before that time.

Capital gains and dividends may result in a liability for alternative minimum tax.

Provided that the Fund qualifies as a mutual fund trust under the Act at all times, units of the Fund will be qualified investments under the Act for Registered Plans. If units of the Fund are held in a Registered Plan, distributions from the Fund and capital gains from a disposition of the units are generally not subject to tax under the Act until withdrawals are made from the Registered Plan (withdrawals from a tax free savings account are not subject to tax, and registered education savings plans and registered disability savings plans are subject to special rules). Annuitants of registered retirement savings plans and registered retirement income funds, and holders of tax-free savings accounts, should consult with their own tax advisers as to whether units of the Fund would be prohibited investments under the Act in their particular circumstances.

REMUNERATION OF DIRECTORS, OFFICERS, TRUSTEE AND THE IRC

No payment or reimbursement has been made to the directors and officers of the Manager by the Fund in the 2011 financial year. The Trustee is entitled to receive from the Fund, pursuant to the Trust Agreement, trustee fees, custody, administration and unitholder reporting fees. For the financial year ended December 31, 2011, the Sprott mutual funds paid to the Trustee, in the aggregate, approximately \$68,055 for the Trustee's services as trustee.

Each member of the IRC, other than the Chairman, is paid, as compensation for his services, \$30,000 (plus HST) per annum and the Chairman is paid \$35,000 (plus HST) per annum by all

the investment funds managed by the Manager. The Fund will pay its pro rata share of the fees paid to the IRC of the Sprott mutual funds. For the financial year ended December 31, 2011, the aggregate amount of fees and expenses paid to members of the IRC for all the Sprott mutual funds was \$107,350 (including HST).

MATERIAL CONTRACTS

A copy of the Trust Agreement dated September 9, 1997, as amended and restated on October 16, 2001 and February 13, 2004, and as further amended on November 1, 2007 and January 16, 2009, together with amended and restated Schedules “A” and “B” each dated March 27, 2012 between the Manager and RBC Dexia Investor Services Trust, is available for inspection during normal business hours at the offices of the Manager at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

There are currently no ongoing legal or administrative proceedings involving the Manager which may be material to the Fund, nor are there any such proceedings known to be contemplated as of the date of this Annual Information Form.

AUDITORS' CONSENT

SPROTT SILVER BULLION FUND

We have read the simplified prospectus and annual information form of the Sprott Silver Bullion Fund (the "Fund") dated May 10, 2012 relating to the issue and sale of Series A, Series F, and Series I units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned simplified prospectus and annual information form, of our report dated March 26, 2012 to the Unitholders of the Fund on the statements of investment portfolio and net assets as at December 31, 2011, and the statements of operations and changes in net assets for the period from May 10, 2011 (inception of operations) to December 31, 2011.

(signed) "Ernst & Young LLP"

Toronto, Canada
May 10, 2012

SPROTT SILVER BULLION FUND

(the “Fund”)

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

**SPROTT ASSET MANAGEMENT LP, ACTING THROUGH ITS GENERAL
PARTNER, SPROTT ASSET MANAGEMENT GP INC.,
AS MANAGER AND PROMOTER OF THE FUND
AND ON BEHALF OF THE FUND**

Signed “Eric S. Sprott”

Eric S. Sprott
Chief Executive Officer
Sprott Asset Management GP Inc.

Signed “Steven Rostowsky”

Steven Rostowsky
Chief Financial Officer
Sprott Asset Management GP Inc.

**ON BEHALF OF THE BOARD OF DIRECTORS OF
SPROTT ASSET MANAGEMENT GP INC., THE GENERAL PARTNER OF
SPROTT ASSET MANAGEMENT LP**

Signed “James Fox”

James Fox
Director

Signed “Kirstin McTaggart”

Kirstin McTaggart
Director

DATED: May 10, 2012

SPROTT SILVER BULLION FUND

Manager
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Additional information about the Fund is available in the Fund's fund facts, management reports of fund performance and financial statements. You may obtain a copy of these documents, at no cost by calling toll free: 1-866 299-9906 from your dealer, or by e-mail at: invest@sprott.com. These documents and other information about the Fund, such as information circulars and material contracts are also available on the Sprott Asset Management LP internet site at: www.sprott.com or at www.sedar.com.