



SIMPLIFIED PROSPECTUS

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 Simplified Prospectus 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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INTRODUCTION

In this document, “we”, “us”, “our” or “the Manager”, refers to Sprott Asset Management LP, the manager and portfolio adviser to Sprott Silver Bullion Fund (the “Fund”).

All of our mutual funds, 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”. A reference in this document to “you” refers to everyone who invests in the Fund. 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 Simplified Prospectus.

The Fund offers three series of units. Series A units are available to all investors. Series F units are designed for investors who participate in fee-based programs. Series I units are special purpose units generally available only to institutional investors or as determined by the Manager on a case-by-case basis. Generally, an investor in Series I units negotiates a separate fee that will be paid directly to the Manager by the investor or by the Fund.

This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor. This document contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund. This document is divided into two parts:

- Pages 1 to 11 contain general information applicable to the Fund; and
- Pages 13 to 17 contain specific information about the Fund described in this document.

Additional information about the Fund is available in the Annual Information Form, the Fund’s most recently filed Fund Facts, the most recently filed annual financial statements, any interim financial statements of the Fund filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”) and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You may obtain copies of these documents upon request, and at no charge, by calling toll free at 1-(866)-299-9906, or from your investment adviser directly, or via email at invest@sprott.com, or from our website at www.sprott.com.

These documents and other information about the Fund are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a Mutual Fund?

A mutual fund is an investment vehicle that pools money of many individuals who have similar investment goals, and invests it in a variety of securities in an effort to achieve a specific investment objective over time. Individuals who contribute money become unitholders of the mutual fund. Where a mutual fund issues more than one series, unitholders share in the mutual fund's income, expenses and the gains and losses allocated to the unitholders' series generally in proportion to the units of that series they own. The value of an investment in a mutual fund is realized upon redeeming units held. Mutual funds are managed by professional money managers who invest on behalf of the whole group.

Mutual funds are available in many varieties that are designed to meet the differing needs of investors. A fund may own different types of investments such as stocks, bonds, cash, derivatives or any combination of these investments, depending upon its investment objectives.

What are the Risks of Investing in a Mutual Fund?

Every individual has a different tolerance for risk. Some investors are more conservative than others. It is important to evaluate your personal tolerance for risk, as well as the amount of risk suitable for your financial goals and time horizon when making investment decisions. The risks associated with investing in a mutual fund depend on the assets and securities in which the mutual fund invests, based upon the mutual fund's particular objectives.

Investors should take into account that the value of these investments will change from day to day, reflecting changes in interest rates, exchange rates, economic conditions, market, and company news. As a result, the value of a mutual fund's units may go up or down, and the value of your investment in a mutual fund may be worth more or less upon redemption than when the units were first purchased.

The Manager does not guarantee that the full amount of your original investment in the Fund will be returned to you. Unlike bank accounts or GICs, mutual funds are not insured under the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. Please see "Redemptions for all Series of Units" on page 6 for more information.

GENERAL INVESTMENT RISKS

Listed below are some risks that can affect the value of an investment in a mutual fund. To find out which of these risks apply to an investment in the Fund, please refer to "What are the Risks of Investing in the Fund?" on page 15.

Commodity risk

Mutual funds that invest in commodities such as silver will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move significantly in short periods of time, including as a result of supply and demand, speculation, international monetary and political factors, government and central bank activity and changes in interest rates and currency values. In addition, new discoveries or changes in government regulations can affect the price of commodities.

Direct purchases of bullion may generate higher transaction and custody costs than other types of investments, which may impact the performance of a mutual fund. Bullion does not generate an income stream if held in an allocated, segregated account and not leased. Since the Fund will not lease its bullion, the Fund will not receive any income. The Fund will only earn money on its investment in bullion to the extent that it sells the bullion at a gain.

Concentration risk

Some mutual funds concentrate their investment holdings in specialized industries, market sectors, asset classes or in a limited number of issuers. Investments in these mutual funds involve greater risk and volatility than broadly based investment portfolios since the performance of one particular industry, market, asset class or issuer could significantly and adversely affect the overall performance of the entire mutual fund.

Currency risk

The net asset value of the Fund is calculated in Canadian dollars; however, silver bullion is usually traded in U.S. dollars. As a result, the value of silver bullion traded in U.S. dollars will be affected by the value of the Canadian dollar relative to the value of the U.S. dollar. For example, silver traded in U.S. dollars will fall in value, in Canadian dollar terms, if the Canadian dollar increases in value relative to the U.S. dollar, even though there is no change to the U.S. dollar value of silver.

Derivatives risk

A derivative is a contract between two parties whose value is “derived” from the value of an underlying asset, such as a stock, or a market index. Mutual funds may use derivatives to limit potential losses associated with currencies, stock markets and interest rates. This process is called hedging. Mutual funds may also use derivatives for non-hedging purposes – to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes.

Although derivatives may be used by mutual funds to seek to minimize risk, derivatives still have risks associated with their use and do not guarantee a gain or loss. Some examples of risks associated with the use of derivatives are:

- hedging strategies may not be effective
- a market may not exist when the fund wants to close out its position in a derivative
- the fund may experience a loss if the other party to a derivative is unable to fulfill its obligations
- the derivative may not perform the way the manager expects it to perform, causing the fund to lose value
- costs of the derivative contracts with counterparties could rise

Inflation risk

Mutual funds are investment vehicles which generally have a long-term horizon. Many investors use them for retirement purposes. As a result of the long-term outlook for a mutual fund investment, the effects of inflation could significantly erode the value of an investor’s money over time. Managing inflation risks involves a diversified mix of investments with emphasis on equity securities, which have historically out-performed all other types of investments over the long-term.

Series risk

The Fund is available in more than one series of units. Each series has its own fees and expenses which the Fund tracks separately. If the Fund cannot pay the expenses of one series using that series’ proportionate share of the assets of the Fund, the Fund will have to pay those expenses out of the other series’ proportionate share of the assets, which would lower the investment return of those other series.

The Fund may issue additional series without notice to or approval of unitholders. The creation of additional series could indirectly result in a mitigation of this risk by creating a larger pool of assets for the Fund to draw from.

Substantial unitholder risk

A single investor (including a Sprott mutual fund) may buy or sell large amounts of units of the Fund. As a result, the Fund may have to alter its portfolio significantly to accommodate large fluctuations in assets.

Tax risk

There can be no assurance that the tax laws applicable to the Fund, including the treatment of certain gains and losses as capital gains and losses, will not be changed in a manner which could adversely affect the Fund or the Fund’s unitholders. Furthermore, there can be no assurance that the Canada Revenue Agency will agree with the Manager’s characterization of the gains and losses of the Fund as capital gains or losses or ordinary income and losses in specific circumstances. If any transactions of the Fund are reported by it on capital account but are subsequently determined by the Canada Revenue Agency to be on income account, there may be an increase in the net income of the Fund for tax purposes, and in the taxable distributions made by the Fund to unitholders, with the result that unitholders could be reassessed by the Canada Revenue Agency to increase their taxable income.

Uninsured losses risk

The physical silver bullion will either be stored and held in the vault of the Bank of Nova Scotia, in its capacity as sub-custodian (the “Bullion Custodian”), on an allocated and segregated basis, or will be stored in the vault of a sub-subcustodian on an allocated and segregated basis, where in the latter case it shall be identified as the property of the Bullion Custodian. The Bullion Custodian or any sub-subcustodian is obliged to maintain insurance satisfactory to the Fund against all risk except the risk of war, nuclear incident, terrorism events or government confiscation.

PURCHASES, SWITCHES, RECLASSIFICATIONS AND REDEMPTIONS

The Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units of each series. The Fund has created Series A, Series F and Series I 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 us, investors for whom we do not incur distribution costs, or individual investors approved by us. You may only buy Series F units if we and your broker, dealer or adviser approve the order first.

Series I units: Available to institutional investors or to 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 are combined in a single pool to create one portfolio for investment purposes.

The Fund is available in each of the provinces and territories of Canada. You may purchase, switch, reclassify or redeem units of the Fund by contacting your investment adviser.

The minimum initial investment in Series A and Series F units of the Fund is \$1,000. The minimum subsequent investment in Series A and Series F units of the Fund is \$100. These minimum investment amounts may be adjusted or waived in the absolute discretion of the Manager. You must include payment with your purchase order.

Purchase orders which are deposited with a dealer will be forwarded by the dealer to RBC Dexia Investor Services Trust on the same day on which the purchase order is received, or if received after 4:00 p.m. (Eastern time), on the next business day. The dealer must send an investor’s purchase order by courier, priority post or telecommunications facility *without charge to the investor*.

We have the right to accept or reject any purchase order, but must make a decision to reject an order within one business day after receiving the order. The payment received with that order would be refunded immediately.

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 dollar amount of the purchase order, the net asset value per unit applied to the purchase order and the number of units purchased.

The purchase, switch, reclassification or redemption price of a unit of the Fund is the net asset value per unit of a series prevailing at the time of purchase, switch, reclassification or redemption. The net asset value per unit for each series of units of the Fund is based on the net asset value of the series’ proportionate share of the net assets of the Fund less the proportionate share of the common expenses allocated to that series and less any series expenses attributable to that series, divided by the total number of units of that series outstanding. The price for a unit of the Fund is calculated at the end of each business day.

All requests for any purchases, switches, reclassifications or redemptions of the applicable series of units of the Fund must be received by RBC Dexia Investor Services Trust prior to 4:00 p.m. (Eastern time) on a regular business day in Toronto in order to receive that business day’s unit price for that series, which is calculated as of 4:00 p.m.

(Eastern time) on that day. If your request is received after 4:00 p.m. (Eastern time) or on a day that is not a regular business day in Toronto, the unit price applied to your request will be determined as of 4:00 p.m. (Eastern time) on the following regular business day in Toronto. You and your adviser are responsible for the completeness and accuracy of your order. Orders will only be processed if complete.

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

The Fund is valued in Canadian dollars. Further information on the calculation of the net asset value of the Fund is described in the Fund's Annual Information Form. Please see page 1 to find out how to obtain a copy.

Please note that for units that are purchased or redeemed through registered dealers approved by us, investors may be required to pay different fees and expenses. Please see "Fees and Expenses" on page 7 and "Dealer Compensation" on page 9.

Purchases of Series A Units

Series A units of the Fund are available to all investors under the Initial Sales Charge Option. Under the Initial Sales Charge Option, investors may pay a fee between 0% to 2% to the dealer at the time of purchase. Please see "Fees and Expenses" on page 7 and "Dealer Compensation" on page 9.

Purchases of Series F Units

Series F units of the Fund are available to investors who participate in fee-based programs with dealers who have signed a Series F Agreement with us, investors for whom we do not incur any distribution costs, or individual investors approved by us. In fee-based programs, instead of paying sales charges or other charges on the purchase or redemption of Series F units, investors pay their dealer ongoing fees for investment management or financial planning advice. We don't pay any commissions or trailer fees to dealers who sell Series F units.

If you cease to be eligible to hold Series F units of the Fund, we may reclassify your Series F units into Series A units of the Fund under the Initial Sales Charge Option after providing you with 5 days notice, unless you notify us during the notice period and we agree that you are once again eligible to hold Series F units.

Purchases of Series I Units

Series I units of the Fund are available to institutional investors or to other investors on a case-by-case basis, all at our discretion. If you cease to be eligible to hold Series I units, we may reclassify your Series I units into Series A units of the Fund under the Initial Sales Charge Option after providing you with 5 days' notice, unless you notify us during the notice period and we agree that you are once again eligible to hold Series I units.

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 that you wish to switch to is offered by that other Sprott mutual fund.

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 for Investors" on page 10.

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.

Reclassification 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, 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 for Investors” on page 10. 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.

Redemptions for all Series of Units

You may redeem your units of the Fund by completing a redemption request and depositing it with your registered dealer approved by us. We may require that an investor’s signature on any redemption request be guaranteed by a bank, trust company, credit union or otherwise to our satisfaction. A redemption request received by RBC Dexia Investor Services Trust before 4:00 p.m. (Eastern time) on a regular business day will receive the redemption price for the applicable series of units established at close of business on that day. A redemption request received after 4:00 p.m. (Eastern time) or on a day which is not a regular business day in Toronto, Ontario will receive the redemption price for the applicable series of units as of the close of business on the next regular business day. 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 your order, provided the written request for redemption submitted to your registered dealer is complete and your registered dealer has provided correct settlement instructions to RBC Dexia Investor Services Trust.

We have the right, upon 30 days’ written notice to the investor, to redeem Series A, Series F and Series I units owned by an investor if the value of those units is less than \$1,000. An investor may prevent the automatic redemption by purchasing additional units to increase the value of the units to an amount equal to or greater than \$1,000 before the end of the 30-day notice period.

Under extraordinary circumstances, the rights of investors to redeem units of the Fund may be suspended. This would most likely occur if normal trading is suspended in the market, within or outside Canada, which represents more than 50% by value, or underlying market exposure, of the total assets of the Fund (without any allowance for liabilities) and if the assets of the Fund cannot be traded in any other market that represents a reasonably practical alternative for the Fund. The Manager may also suspend the redemption of units of the Fund with the consent of any securities commission or regulatory body having jurisdiction.

Short-term Trading

Short-term trading in units of the Fund can have an adverse effect on the Fund. Such trading can increase brokerage and other administrative costs of the Fund and interfere with our long-term investment decisions.

We have adopted certain restrictions to deter short-term trading. For example, we may restrict your purchases if you engage in such short-term trading. Our restrictions also include charging a fee of up to 1.0% of the net asset value of the units of the Fund that are redeemed within 30 days of purchasing them. These fees are payable to the Fund.

The short-term trading fees will not be charged:

- (i) for a redemption of units acquired through automatic reinvestment of all distributions of net income or capital gains by the Fund;
- (ii) for a redemption of units 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 us; or
- (vi) in the absolute discretion of the Manager.

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, we cannot ensure that such trading will be completely eliminated.

Please see “Short-Term Trading Fee” under “Fees and Expenses Payable Directly by You” on page 8.

OPTIONAL SERVICES

Pre-authorized Chequing Plan

The Fund offers an automatic investment plan to allow investors to make regular bi-weekly, monthly, quarterly, semi-annual or annual purchases of units. The minimum initial investment in the Fund is \$1,000 and the minimum amount of each subsequent bi-weekly, monthly, quarterly, semi-annual or annual purchase is \$100. An investor may change the dollar amount of his or her investment, the frequency of payment or discontinue the plan by giving prior written notice to their registered dealer.

Averaging the Cost of Your Investments

Making regular investments through our pre-authorized purchase plan can reduce the cost of investing, through a technique called dollar cost averaging. Investing equal amounts of money at regular intervals on an ongoing basis ensures that an investor buys fewer units when prices are high and more units when prices are low. Over time, this can mean a lower average cost per unit than by making one lump sum purchase.

Registered Tax Plans

Units of the Fund are qualified investments under the *Income Tax Act* (Canada) (the “Act”) for registered tax plans (as defined below). We offer registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), life income funds (LIFs), locked-in retirement income funds (LRIFs), locked-in retirement accounts (LIRAs) and tax-free savings accounts (TFSAAs). Annuitants of RRSPs and RRIFs, and holders of TFSAAs, should consult with their tax advisors as to whether units of the Fund would be prohibited investments under the Act in their particular circumstances. Investors should consult their tax advisors for full particulars of the tax implications of establishing, amending and terminating registered tax plans.

FEES AND EXPENSES

This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, and as a result will reduce the value of your investment in the Fund. Your approval will be obtained if: (i) any change is made in the basis of calculation of a fee or expense charged to your Fund or a series of the Fund, or directly to you by us or the Fund in connection with the holding of units of the Fund, in a way that could result in an increase in charges to the Fund or the series or you; or (ii) a fee or expense is introduced which is charged to the Fund or a series of the Fund, or directly to you by us or the Fund in connection with the holding of units of the Fund, that would result in an increase in charges to the Fund, a series or you. However, in each case, if the change is a result of a change made by a third party at arm’s length to the Fund or if applicable securities laws do not require the approval of investors to be obtained, we will not obtain your approval before making the change. If required under applicable securities laws, we will send you a written notice at least 60 days before the effective date of the change.

Fees and Expenses Payable by the Fund	
Management Fees	<p>The annual management fee payable by the Fund to the Manager on the various series of units to cover management expenses is set out on page 14, and is subject to applicable taxes including HST. The management fee is calculated and accrued daily and is paid on the last day of each month based on the daily net asset value of the Fund. This fee differs among the series of units. The management fee for Series I units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee for Series A units of the Fund.</p> <p>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 fee payable by the Fund with respect to 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 management fee reduction, although this minimum amount may be waived in the absolute discretion of the Manager. Investors who are entitled to the benefit of a lower management fee will receive a proportionately larger distribution (a “fee distribution”) from the Fund so that those investors receive the benefit of the lower management fee. Fee distributions are paid first out of net income and net realized capital gains, and thereafter out of capital. All fee distributions are reinvested in additional units unless otherwise requested.</p>
Operating Expenses	<p>The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager.</p> <p>Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit and legal fees, independent review committee member fees, costs and fees in connection with the operation of the independent review committee (the “IRC”) (including the costs of holding meetings, insurance premiums for the IRC, and fees and expenses of any advisors engaged by the IRC), safekeeping, trustee and custodial fees, interest expenses, operating and administrative costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses and fund facts. Operating expenses and other costs of the Fund are subject to applicable taxes including HST.</p> <p>Each Sprott mutual fund, including the Fund, pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. Each member of the IRC, other than the Chairman, is paid, as compensation for his services, \$30,000 (plus HST) per annum. The Chairman is paid \$35,000 (plus HST) per annum.</p>
Fees and Expenses Payable Directly by You	
Sales Charges	A sales charge of 0-2% of the amount you invest may be charged if you purchase Series A units of the Fund under the Initial Sales Charge Option. You can negotiate this amount with the dealer.
Switch Fees	A switch fee of 0-2% of the value of the units you wish to switch or reclassify may be charged, as negotiated with your dealer.
Redemption Fees	There are no redemption fees payable upon the redemption of units of the Fund (subject to a short-term trading fee, when applicable).
Short-Term Trading Fee	We may impose a short-term trading fee payable by you to the Fund of up to 1.0% of the aggregate net asset value of the units redeemed if such units are redeemed within 30 days of their date of purchase. A short-term trading fee will not be charged for a redemption of units (i) acquired through automatic reinvestment of all distributions of net income or capital gains 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 us; or (vi) in the absolute discretion of the Manager. For purposes of this short-term trading fee, units will be considered to be redeemed on a first-in first-out basis.
Pre-Authorized Chequing Plan	No fee is charged to open, close or administer an account.
Registered Tax Plan Fees	No fee is charged to open, close or administer a Sprott registered tax plan. However, for other registered tax plans holding other investments in addition to units of the Fund, an annual trustee fee may apply. Please consult your adviser regarding this fee.
Other Expenses	No other charges apply. If applicable, you may be subject to fees and expenses by your dealer.

IMPACT OF SALES CHARGES

The following table shows the amount of fees that you would have to pay under the initial sales charge option if you made an investment of \$1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

Sales charges may apply when you purchase units. These fees can be negotiated between you and your dealer.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Initial Sales Charge Option ¹	\$20 ²	N/A	N/A	N/A	N/A

¹ A short-term trading fee may be applicable if units are redeemed within 30 days of their date of purchase. See “Short-Term Trading Fee” in the chart on page 8.

² The maximum initial sales charge of 2% payable for Series A units.

DEALER COMPENSATION

Your dealer may receive two types of compensation – sales commissions and trailing commissions.

Sales Commissions

For Series A units of the Fund purchased under the Initial Sales Charge Option, a dealer that distributes such units may charge you a sales commission of up to 2.0% (\$20 for each \$1,000 investment) of the value of Series A units of the Fund you purchased.

Trailing Commissions

Trailing commissions are paid by the Manager to dealers (including discount brokers) from management fees and are not paid by the Fund directly. We may, at our discretion, negotiate, change the terms and conditions of, or discontinue the trailing commissions with dealers.

For Series A units of the Fund distributed under the Initial Sales Charge Option, a dealer that distributes units of the Fund may receive an annual trailing commission of 0.45% (\$4.50 for each \$1,000 investment) of the value of Series A units of the Fund held by the dealer’s clients. Payments are calculated and paid monthly at the rate of up to 1/12 of 0.45% of the value of Series A units held in the Fund by the dealer’s clients.

Equity Interests

The general partner of Sprott Asset Management LP, the manager and portfolio advisor of the Fund, is Sprott Asset Management GP Inc. Sprott Asset Management GP Inc. is a wholly-owned subsidiary of Sprott Inc. Sprott Inc. is the sole limited partner, and owns 99.99% of the issued and outstanding voting securities, of Sprott Asset Management LP. Sprott Inc. also owns, directly or indirectly, 100% of the issued and outstanding securities of the general partner of Sprott Private Wealth LP, a dealer which may hold, sell and recommend units of the Fund. As at

the date of this Simplified Prospectus, each of Eric S. Sprott, the Chief Executive Officer and a director of the general partner of Sprott Asset Management LP and The Rule Family Trust, directly own more than 10% of all the issued and outstanding voting securities of Sprott Inc.

DEALER COMPENSATION FROM MANAGEMENT FEES

The Manager paid dealers compensation of approximately 32% of the total management fees that the Manager received from all the Sprott mutual funds during the financial year that ended December 31, 2011. This includes amounts the Manager paid to dealers for trailing commissions.

INCOME TAX CONSIDERATIONS FOR INVESTORS

This summary assumes that you are an individual (other than a trust) and that you are resident in Canada and hold 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 and the published administrative practices and policies of the Canada Revenue Agency. This summary is not exhaustive of all tax considerations and is not intended to constitute legal or tax advice to an investor. You should seek independent advice regarding the tax consequences of investing in units, based on your own particular circumstances. This summary assumes that the Fund will qualify as a mutual fund trust under the Act at all material times.

For Units Held in a Registered Tax Plan

If units of the Fund are held in an RRSP, RRIF, deferred profit sharing plan, registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or TFSA (collectively, “registered tax plans”), distributions from the Fund and capital gains from a disposition of the units of the Fund are generally not subject to tax under the Act until withdrawals are made from the registered tax plan (withdrawals from a TFSA are not subject to tax, and RESPs and RDSPs are subject to special rules).

Contributions

You should be careful not to contribute more to your registered tax plan than allowed under the Act or you may have to pay a penalty tax.

For Units Not Held in a Registered Tax Plan

If you hold units of the Fund outside of a registered tax plan, you must include in computing your income for tax purposes the amount of the net income and the taxable portion of the net realized capital gains paid or payable to you by the Fund in the year (including by way of a fee distribution), computed in Canadian dollars, whether you receive these distributions in cash or the amounts are reinvested in additional units. 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 or losses as a result of such dispositions in silver bullion as capital gains or losses, 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. To the extent that the Fund so designates under the Act, distributions of income and net taxable capital gains paid or payable to you by the Fund will effectively retain their character in your hands and be subject to the special tax treatment applicable to income of that character. To the extent that the distributions (including fee distributions) paid or payable to you by the Fund in a year exceed your share of the net income and net capital gains of the Fund allocated to you for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not generally be taxable to you in the year of receipt but will reduce the adjusted cost base of your units in the Fund. You will be taxed on distributions of income and capital gains by the Fund, even if the income and capital gains accrued to the Fund or were realized by the Fund before you acquired the units and were reflected in the purchase price of the units. This may be of particular relevance to you if you purchase units late in a calendar year.

The Fund's portfolio turnover rate indicates how actively the Fund's investment adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the chance that you will receive a distribution from the Fund that must be included in computing your income for tax purposes for the year.

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

If you dispose of your units, whether by switching to units of another mutual fund managed by us, redemption or otherwise, you will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, less any costs of disposition, are greater (or less) than the adjusted cost base of the units. The adjusted cost base of your units of a series is generally calculated by adding all your investments in that series (along with sales charges) and any reinvested distributions, and then subtracting any returns of capital and the adjusted cost base attributed to any previous redemptions. Generally, one-half of a capital gain must be included in your 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.

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

WHAT ARE YOUR LEGAL RIGHTS?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and receive your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

ADDITIONAL INFORMATION

Additional information regarding your legal rights

The Manager has obtained a decision from securities regulators to permit dealers that comply with certain conditions to send or deliver the most recently filed Fund Facts of the Fund to a purchaser of units of the Fund instead of this Simplified Prospectus. If a dealer delivers the Fund Facts document to you in reliance on this decision, the Manager and the dealer are required to grant you rights which are similar to those described under the heading "What Are Your Legal Rights?" and these rights will run from the date you receive the Fund Facts.

Related Dealer Relief

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 National Instrument 81-107 and subject to compliance with certain other provisions of National Instrument 81-107 and National Instrument 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.

Unitholder consent to disclosure

Pursuant to new U.S. tax rules proposed to be effective January 1, 2014, the Fund may be required to provide the identity and residency information of U.S. unitholders in the Fund to U.S. tax authorities in order to avoid a 30% U.S. withholding tax from being imposed on U.S. source income such as interest, dividends (paid by U.S. entities or foreign entities with U.S. operations) and proceeds from the sale or dispositions of property that can produce U.S. source income and on distributions made by the Fund. Such withholding taxes would generally arise to the extent the Fund does not enter into an agreement with the U.S. Internal Revenue Service. By investing in the Fund and providing us with your identity and residency information you will be deemed to have consented to the Fund, through your dealer, disclosing such information to U.S. tax authorities.

SPECIFIC INFORMATION ABOUT THE FUND

SPROTT SILVER BULLION FUND

ORGANIZATION AND MANAGEMENT OF THE FUND

<p><i>Manager</i> Sprott Asset Management LP Royal Bank Plaza, South Tower 200 Bay Street, Suite 2700, P.O. Box 27 Toronto, Ontario M5J 2J1</p> <p>Tel: 416-943-6707 Fax: 416-943-6497 Email: invest@sprott.com Website: www.sprott.com</p> <p>Toll Free: 1-866-299-9906</p>	<p>Sprott Asset Management LP acts as the manager to the Fund and is responsible for the day to day operations of the Fund including accounting and administration for units of the Fund.</p>
<p><i>Portfolio Adviser</i> Sprott Asset Management LP Toronto, Ontario</p>	<p>The Portfolio Adviser conducts research, selects, purchases, sells, and makes all investment decisions with regard to the portfolio assets of the Fund.</p>
<p><i>Trustee</i> RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>The Fund is organized as a trust. The Trustee holds title to the assets owned by the Fund on behalf of the unitholders. The Trustee and Manager have exclusive authority over the assets and affairs of the Fund and have a fiduciary responsibility to act in the best interest of the unitholders.</p>
<p><i>Custodian</i> RBC Dexia Investor Services Trust Toronto, Ontario</p> <p><i>Bullion Custodian</i> The Bank of Nova Scotia Toronto, Ontario</p>	<p>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 is only responsible for the Fund's assets that are directly held by it, its affiliates or appointed subcustodians.</p> <p>RBC Dexia Investor Services Trust has entered into a subcustodian agreement with the Bullion Custodian for storage and handling of silver bullion for the Fund. The subcustodian agreement permits the Bullion Custodian to utilize Brinks Company or its subsidiaries or affiliates and/or Via Mat International Ltd. or its subsidiaries or affiliates as sub-subcustodians of the Fund (each a "sub-subcustodian") in order to hold some or all of the Fund's bullion.</p>
<p><i>Recordkeeper</i> RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>The Recordkeeper keeps a register of the owners of units for the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information.</p>

<p><i>Auditors</i> Ernst & Young LLP Toronto, Ontario</p>	<p>The Auditors annually audit the financial statements of the Fund to determine whether they fairly present, in all material respects, the Fund’s financial position, results of operations and changes in net assets in accordance with Canadian generally accepted accounting principles.</p> <p>If a decision is ever made to change auditors of the Fund, investors in the Fund will not be asked to approve this change; however, we will provide such investors at least 60 days written notice before the effective date of the change in auditors.</p>
<p><i>Independent Review Committee (“IRC”)</i></p>	<p>The mandate of the IRC is to review, and provide input on, our written policies and procedures that deal with conflict of interest matters in respect of the Sprott mutual funds and to review and, in some cases, approve conflict of interest matters. In certain circumstances, in place of you approving a fund merger, the IRC has been permitted under securities legislation to approve a fund merger. In these circumstances, you will receive written notice of any proposed fund merger at least 60 days prior to the change.</p> <p>Each member of the IRC is independent of us and any party related to us. The IRC will prepare, at least annually, a report of its activities for investors. This report will be available on our website at www.sprott.com or you may request a copy, at no cost to you, by contacting us at invest@sprott.com.</p> <p>Additional information about the IRC, including the names of the members, is available in the Annual Information Form.</p>

FUND DETAILS

Type of Fund:	Precious metals fund
Inception:	Series A: May 9, 2011 Series F: May 9, 2011 Series I: February 29, 2012
Nature of Securities Offered:	Series A, Series F and Series I units of a mutual fund trust
Registered Tax Plan Status:	Qualified investment for registered tax plans
Management Fees:	Series A: Up to 1.30% Series F: Up to 0.85% Series I: Negotiated by the unitholder

WHAT DOES THE FUND INVEST IN?

Investment Objectives

The investment objective of Sprott Silver Bullion Fund is to seek to provide a secure, convenient alternative for investors seeking to hold silver. The Fund will invest primarily in unencumbered, fully allocated silver bullion and silver certificates. The Fund may also invest a portion of its assets in cash, money market instruments and/or treasury bills.

Unitholder approval is required prior to a change in the fundamental investment objective of the Fund.

Investment Strategies

To achieve the Fund's investment objectives, the Portfolio Adviser will invest the Fund's assets primarily in unencumbered silver bullion. In addition, the Fund's assets may be invested in silver certificates.

All silver bullion purchased by the Fund is certified "London Good Delivery", and is insured by the Bullion Custodian or any sub-subcustodian to the full market value against physical loss of, or damage to, bullion stored in the Bullion Custodian's or such sub-subcustodian's vaults except for loss of, or damage to, bullion caused by war, nuclear incident, terrorism events or government confiscation. 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.

All silver certificates purchased by the Fund, represent silver which is: (i) available for delivery in Canada, free of charge, to or to the order of the holder of the certificate; (ii) of minimum fineness of 999 parts per 1,000; (iii) held in Canada; (iv) in the form of either bars or wafers; and (v) if not purchased from a bank listed in Schedule I, II or III of the *Bank Act* (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a jurisdiction.

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 will not invest in securities of issuers that produce silver.

The Fund may invest a portion of its assets in cash, money market instruments and/or treasury bills.

The Fund may also use derivatives. In particular, the Fund may enter into currency forward contracts to hedge against losses from exposure to foreign currencies.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

The Fund is generally exposed to the following risks:

- Commodity risk
- Concentration risk
- Currency risk
- Derivatives risk
- Inflation risk
- Series risk
- Substantial unitholder risk
- Tax risk
- Uninsured losses risk

As at April 30, 2012, the Fund had one investor that held approximately 16% of all the issued and outstanding units of the Fund.

You may refer to pages 2 to 4 for descriptions of these risks.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for those investors who want exposure to the capital appreciation potential of silver and who want to maintain a high level of liquidity of their investments.

Fund Risk Classification

The risk rating assigned to this Fund by the Manager is Medium risk and it is appropriate if you have a medium term investment horizon.

We identify the investment risk level of the Fund as an additional guide to help you decide whether the Fund is right for you. The methodology for assigning a risk classification selected by the Manager is based primarily on qualitative factors and the Manager's views on the fundamentals of silver and the role of silver in a wealth protection strategy. These qualitative factors and views include the following:

- we only buy bullion that is certified as "London Good Delivery";
- the current large volume of silver that is traded daily, either directly or through futures and options markets;
- our view that as a physical asset, silver will always have some value and can never be worthless;
- silver is rapidly growing as a refuge from paper money;
- silver has many industrial and medical applications which ensures intrinsic value; and
- our view that there is a supply - demand imbalance as demand for silver continues to rise and inventories of above-ground silver have shrunk from historical levels.

This section will help you decide whether the Fund is right for you. This information is only a guide. When you are choosing investments, you should consider your whole portfolio, your investment objectives and your risk tolerance level. The Fund is assigned an investment risk rating in one of the following categories:

Low for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;

Low to Medium for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;

Medium for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large capitalization Canadian and/or international equity securities;

Medium to High for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets).

Although monitored on a monthly basis, we review the investment risk level of the Fund on annual basis.

The method that we use to identify the investment risk level of the Fund is available on request, at no cost, by calling us at 1-866-299-9906 or by sending an email to invest@sprott.com.

DISTRIBUTION POLICY

In each calendar year, the Fund will distribute to its investors a sufficient amount of the Fund's net investment income and net realized capital gains so that the Fund will not pay any income tax. The net investment income and the net realized capital gains of the Fund will be distributed annually in December to the Fund's investors. All distributions paid to an investor of the Fund will be reinvested automatically in additional units of the Fund at the net asset value per unit without any fee.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

The information below is intended to help investors compare the cost of investing in the Fund with the cost of investing in other mutual funds. Mutual funds pay certain expenses out of fund assets. Although investors do not pay these expenses directly, in actuality, they have the effect of lowering the Fund's returns.

This table outlines a hypothetical example of the investor's cumulative proportional share of the fees and expenses paid by the Fund, in dollars, over the time periods indicated and assuming: 1) an initial investment of \$1,000 in the Fund; 2) a total annual 5% return of the Fund in each period; 3) the same management expense ratio and operating expense in all periods as were paid by the Fund in its last financial year; and 4) an incentive fee based on a total annual 5% return of the Fund in its last financial year.

	One Year	Three Years	Five Years	Ten Years
Series A Fees and Expenses Payable by Investor (\$)	17.53	54.31	93.52	203.24
Series F Fees and Expenses Payable by Investor (\$)	12.40	38.62	66.85	147.26

Notes:

No details in respect of Series I units have been provided because no information on this series is contained in the most recent financial statements of the Fund.

See "Fees and Expenses" on page 7 for more information about the costs of investing in the Fund.

Additional information about the Fund is available in the Fund's Annual Information Form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents, at your request, and at no cost, by calling toll free 1-866-299-9906, or from your investment adviser, or via email at invest@sprott.com.

These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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