



ANNUAL INFORMATION FORM

Offering Series A, Series F and Series I Units of

SPROTT SILVER BULLION FUND

April 25, 2017

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

The Fund and the units of the Fund offered 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 registration.

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THE FUND

Sprott Asset Management LP (the “Manager”) acts as the manager, portfolio manager and promoter of Sprott Silver Bullion Fund (the “Fund”).

The Fund is an open-ended mutual fund trust governed under the laws of Ontario pursuant to the terms of a trust agreement dated September 9, 1997, as amended and restated on October 1, 2001 and February 13, 2004, and as further amended on November 1, 2007, January 16, 2009, December 23, 2013, March 31, 2014 and June 2, 2014, together with amended and restated Schedules “A” and “B” each dated December 30, 2016 (the “Trust Agreement”).

All of the mutual funds managed by the Manager including all 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 an investor who invests in the Fund. When you invest in the Fund or another Sprott mutual fund established as a trust, you are buying mutual fund 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 of the Sprott mutual funds, other than the Fund, collectively as “securities” in this document.

RBC Investor Services Trust acts as trustee (“Trustee”), custodian (“Custodian”) and recordkeeper (“Recordkeeper”) for the Fund. 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

MAJOR EVENTS IN THE PAST TEN YEARS

Proposed Change in Manager

On April 10, 2017, Sprott Inc. announced that a management group led by John Wilson, the CEO of the Manager, and James Fox, the President of the Manager, entered into an agreement pursuant to which a new company to be formed by them (the “Buyer”) will acquire the right to manage the Fund. Immediately upon completion of the acquisition, which is scheduled to close in the third quarter of 2017, the Buyer will become the investment fund manager and portfolio manager of the Funds. Sprott Asset Management LP will be appointed sub-advisor for the Fund. The proposed change in the Manager is subject to receipt of all required regulatory and securityholder approvals, as well as satisfying the conditions of closing.

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

The Fund is considered to be a “dealer managed” investment fund for the purposes of NI 81-102. Applicable securities laws impose restrictions on investments by dealer managed investment 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 have 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 securities regulatory authorities and/or the independent review committee of the Sprott investment funds (the “IRC”) (please see “Independent Review Committee” on page 21 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 has obtained 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 (defined below) and in accordance with the policies and procedures relating to such investments).

Exemptive Relief Decisions

- (i) 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 NI 81-107 and subject to compliance with certain other provisions of NI 81-107, 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 "Related Dealer Relief"). The Manager has developed and implemented 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.

(ii) Concentration Relief

The Fund has obtained an exemption 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.

(iii) Related Issuer Relief

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 as follows: (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 that the Fund files its annual financial statements, the Manager files with the Ontario Securities Commission the particulars of any such investments.

(iv) Inter-fund Trade Relief

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.

(v) Cleared Swaps Relief

In the event that the Fund enters into swaps that are, or will become, subject to a clearing determination or a clearing obligation issued by the U.S. Commodity Futures Trading Commission (the “CFTC”) or the European Securities and Markets Authority, as the case may be, including fixed-to-floating interest rate swaps, basis swaps, forward rate agreements in U.S. dollars, the Euro, Pounds Sterling or the Japanese Yen, overnight index swaps in U.S. dollars, the Euro and Pounds Sterling and untranching credit default swaps on certain North American indices (CDX.NA.IG and CDX.NA.HY) and European indices (iTraxx Europe, iTraxx Europe Crossover and iTraxx Europe HiVol) at various tenors (collectively, “Swaps”) the Fund has received exemptive relief from Canadian securities regulatory authorities, subject to certain conditions, from the following:

- the requirement that imposes minimum credit-rating requirements on certain instruments or on the equivalent debt of the counterparty to certain trades (or their guarantors);
- the limitation that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and
- the requirement to hold all portfolio assets of a mutual fund with one custodian to permit the Fund to deposit cash and other assets directly with a futures commission merchant (that is registered with the CFTC and/or clearing member for purposes of the European Market Infrastructure Regulation, as applicable, and is a member of a clearing corporation) (a “Futures Commission Merchant”), and indirectly with a clearing organization, as margin.

In all instances, the amount of margin already held by the applicable Futures Commission Merchant must not exceed 10 percent of the net asset value of the Fund at the time of deposit. The exemptive relief also applies to trades made by the Fund with Futures Commission Merchants in Canada that are members of a self-regulatory organization that is a member of the Canadian Investor Protection Fund.

(vi) Bullion Custodian Relief

The Fund has also obtained exemptive relief from the Canadian securities regulatory authorities, subject to certain monitoring, reporting and consent conditions (described further below), to permit:

- the Royal Canadian Mint and the sub-custodians to the Mint, which are persons or companies that are not described in sections 6.2 or 6.3 of NI 81-102, to be appointed as sub-custodians of the Fund to hold the Fund’s silver bullion;

- the Mint and the sub-custodians to the Mint, as applicable, to be appointed as sub-custodians of the Fund to hold the Fund’s bullion in Canada, and in the case of the sub-custodians to the Mint, outside Canada; and
 - the bullion of the Fund to be held outside of Canada by a sub-custodian to the Mint for purposes other than facilitating portfolio transactions of the Fund
- (the “Bullion Custodian Relief”).

The Bullion Custodian Relief is subject to the following conditions:

- the Mint must have the minimum shareholders’ equity required under NI 81-102 for a sub-custodian holding portfolio assets in or outside of Canada (“Shareholder Equity Threshold”), and each sub-custodian to the Mint must either (i) meet the Shareholder Equity Threshold, or (ii) have guaranteed all of the custodial obligations of the sub-custodian to the Mint which requirements will be monitored at least annually by the Custodian.
- the Mint may only be used as a sub-custodian for the Fund’s bullion in Canada;
- the sub-custodians to the Mint may only be used as sub-custodians for the Fund’s bullion in Canada, the United States, the United Kingdom, Germany, Switzerland, China (including Hong Kong), India or Singapore;
- an annual report will be obtained from the Mint confirming that the Mint has monitored each sub-custodian to the Mint to ensure that its shareholders’ equity is at the appropriate level; and
- the Custodian shall include in the compliance reports required under NI 81-102 a statement regarding the completion of review processes for the Mint and the sub-custodians to the Mint, and the Custodian’s view that such entities continue to be appropriate sub-custodians to hold the Fund’s bullion in, and outside of, 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 of 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. You may only buy Series F units if we and your broker, dealer or advisor approve the order first.

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 of the Fund 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. Generally, 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 at the time the distribution is paid. 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. 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. 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. 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 the following:

- a change in the manager of the Fund, unless the new manager is an affiliate of the Manager;
- any change in the fundamental investment objectives 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 required by securities laws, written notice is sent to all unitholders of the Fund or the series 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 to the Fund or if applicable securities laws do not require the approval of unitholders to be obtained and, if required by securities laws, written notice is sent to all unitholders of the Fund or the series 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.

The Manager, on behalf of the Fund, has been granted exemptive relief from the requirement to deliver an information circular in connection with a securityholder meeting. Instead, the Fund is allowed to deliver a "notice-and-access" document in connection with a notice-and-access procedure. The notice-and-access document provides basic information about the subject matter of the securityholder meeting, as well as instructions for how a unitholder can access the information circular online or request delivery of the information circular.

VALUATION OF PORTFOLIO SECURITIES

As at 4:00 p.m. (Eastern time) on each day that the Toronto Stock Exchange is open for business ("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, shall be the quoted market value less a percentage discount for illiquidity amortized over the length of the hold period;
- (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.

The Trustee and the Manager have agreed that 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 the following:

- (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.

The Manager has not used its discretion to deviate from the valuation practices described above in the past three years.

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 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 is the fair 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.

The Manager will make available the net asset value per unit for each series of the Fund on the Fund's website at www.sprott.com. Such information will also be available on request, free of charge, by calling the Manager toll free at 1-866-299-9906, by sending an email to invest@sprott.com or by mailing Sprott Asset Management LP at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario, M5J 2J1.

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.

Investors can purchase Series A units of the Fund under the Initial Sales Charge Option. Please refer to the Fund's Simplified Prospectus for a description of the Initial Sales Charge 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 the Recordkeeper before 4:00 p.m. (Eastern time) on a Valuation Date, you will pay the net asset value per unit established on that Valuation Date, or if received after 4:00 p.m., the net asset value per unit established on the next Valuation Date, subject to the Recordkeeper receiving all necessary forms properly completed.

The Fund must receive full payment within three 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 Fund, 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.

The Fund is valued in Canadian dollars and can be purchased in Canadian dollars. An investor may also use U.S. dollars to purchase units of the Fund (the "U.S. Dollar Option"). Under this option, the series net asset value per unit is calculated by converting the Canadian dollar series net asset value per unit to the U.S. dollar equivalent based on the exchange rate at the time the net asset value is calculated. Similarly, any distributions made on securities purchased under the U.S. Dollar Option are determined in Canadian dollars and paid out in U.S. dollars using the

exchange rate at the time of the distribution. The exchange rate used for such conversions is the rate of exchange established using customary banking sources. The U.S. Dollar Option is offered as a convenience for purchasing units of this Fund with U.S. dollars. It does not act as a currency hedge or protect against losses caused by changes in the exchange rates between the Canadian and U.S. dollars. There is no difference in the performance return of the Fund. Generally, any distributions on, and payments of redemption proceeds for, units of the Fund purchased under the U.S. Dollar Option will be made in U.S. dollars. Net realized capital gains and losses on units redeemed in U.S. dollars must be calculated in Canadian dollars for tax purposes.

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 and if your investment was made under the U.S. Dollar Option, the series of securities you wish to switch to is also available under the U.S. Dollar Option. Switches under the U.S. Dollar Option will be processed in U.S. dollars. 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 realize a capital gain or loss on the switch transaction. Please see “Income Tax Considerations” on page 23.

When you switch units of any series of the Fund, your registered dealer may charge you a switch fee of up to 2.0% 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 securities you hold will change since each series of securities of a Sprott mutual fund has a different security price.

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 into which you are reclassifying and, for series of units of the Fund purchased under the U.S. Dollar Option, you reclassify your investment to another series of the Fund under the U.S. Dollar Option. Reclassifications under the U.S. Dollar Option will be processed in U.S. dollars. If you wish to reclassify all or part of your investment in Series F units of the Fund into Series A units of the Fund, your Series A units will be reclassified through your dealer under the Initial Sales Charge Option.

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 23. 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 2.0% 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 unit price. 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 may be reclassified as Series A units of the Fund under the Initial Sales Charge Option, after we provide 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 or Series I units.

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 the Recordkeeper 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 as of the close of business on that day. A redemption request received by the Recordkeeper 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 established as of the close of business on the next Valuation Date. A dealer which receives a redemption request is required to transmit the redemption request to the Recordkeeper without charge to the investor and, where practicable, by courier, priority post or telecommunications facility. The redemption payments will be made in Canadian dollars except for redemptions of units of the Fund purchased under the U.S. Dollar Option. Under the U.S. Dollar Option, payments of redemptions will be made in U.S. dollars.

The Recordkeeper 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 the Recordkeeper.

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 Manager reserves the right to require any unitholder of the Fund to redeem such unitholder's entire holding or a portion of unit of the Fund at its sole discretion including where a unitholder is or becomes a U.S. citizen or resident of the United States or a resident of another foreign country if the Manager concludes that their participation has the potential to cause adverse regulatory or tax consequences for the Corporation or other unitholder of the Fund.

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, or which specified derivatives are traded (if applicable), if those securities or specified derivatives represent more

than 50 per cent by value, or underlying market exposure, of the total assets of the Fund (without allowance for liabilities) and if those securities or specified derivatives, (if applicable) 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
Email: 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 Independent Review Committee (the "IRC") in respect of conflict of interest matters identified by the Manager. For further information on the IRC, please see page 22.

Please see "Major Events in the Past Ten Years – Proposed Change in Manager" for a description of a proposed change in the Manager.

Officers and Directors of the Manager and the General Partner of the Manager

The following are the names, municipalities of residence, offices and principal occupations or business activities during the five years preceding the date hereof of the directors and executive officers of the Manager and/or of Sprott Asset Management GP Inc. (the “GP”), the general partner of the Manager.

Name and Municipality of Residence	Position with the Manager and/or the GP	Principal Occupation for the Past 5 Years
John Wilson Toronto, Ontario	Chief Executive Officer, Co-Chief Investment Officer and Senior Portfolio Manager of the Manager, and Chief Executive Officer and Director of the GP	Chief Executive Officer, Co-Chief Investment Officer and Senior Portfolio Manager of the Manager and Chief Executive Officer of the GP
James Robert Fox Toronto, Ontario	President and Director of the Manager and President and Director of the GP	President of the Manager, and the GP, Registered Representative of Sprott Private Wealth LP and Managing Director of Sprott Private Wealth GP Inc.
Kirstin Heath McTaggart Mississauga, Ontario	Chief Compliance Officer of the Manager and Director of the GP	Chief Compliance Officer of the Manager and Chief Compliance Officer & Operations of Sprott Private Wealth GP Inc.
Kevin Hibbert North York, Ontario	Director of the GP	Chief Financial Officer and Corporate Secretary of Sprott Inc.

Each of the directors and executive officers has worked for Sprott Asset Management LP for the past five years, except for Kevin Hibbert who was Director, Finance of Royal Bank of Canada from June 2010 to January 2014.

Portfolio Manager

The Manager is the portfolio manager (the “Portfolio Manager”) to the Fund. Investment decisions for the Fund are made completely and solely by the Portfolio Manager.

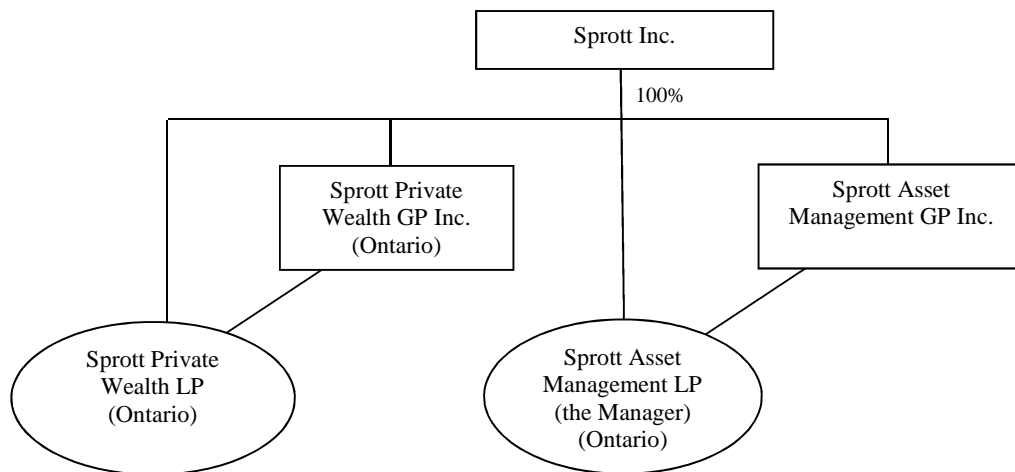
The Portfolio Manager provides investment management services to other clients. Those client accounts may follow the same investment objective and strategy as used by the Fund. In placing an order to buy and sell securities, execution between the Fund and other accounts will be conducted in a manner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

Maria Smirnova is the portfolio manager of the Fund. Ms. Smirnova joined the Portfolio Manager in May 2005. Ms. Smirnova is a portfolio manager with more than 15 years of experience in the financial services industry. She has been part of the Sprott precious metals team since 2007 and has been a portfolio manager on the Sprott Silver Equities Class since its inception in 2012. Ms. Smirnova began her career at Excel Funds Management as Operations Manager, and subsequently worked in Product Development at Fidelity Investments. Ms. Smirnova graduated with distinction from the University of Toronto with a Bachelor of Commerce degree and has been a CFA charterholder since 2002. She graduated as a Bregman Scholar from the University of Toronto's MBA program in 2005.

There is 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 is 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 GP of the Manager	Position with Affiliated Entities
James Robert Fox	President and Director of the Manager and President and Director of the GP	Registered Representative of Sprott Private Wealth LP and Managing Director of Sprott Private Wealth GP Inc.
Kirstin Heath McTaggart	Chief Compliance Officer of the Manager and Director of the GP	Chief Compliance Officer & Operations of Sprott Private Wealth GP Inc.
Kevin Hibbert	Director of the GP	Chief Financial Officer and Corporate Secretary of Sprott Inc.

Trustee

Under the Trust Agreement, RBC Investor Services Trust of Toronto, Ontario has been appointed the trustee 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 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 interest of the unitholders.

Custodian

Under the Trust Agreement RBC Investor Services Trust of Toronto, Ontario acts as the custodian of all assets held on behalf of the Fund. 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.

Sub-Custodial Arrangements

The Custodian has appointed RBC as sub-custodian to hold physical custody of the silver bullion on a fully allocated and segregated basis on behalf of the Fund. RBC has appointed the Mint as sub-custodian to RBC and, due to physical storage capacity constraints at the Mint, the Mint may appoint sub-custodians to the Mint to hold physical custody of the Fund's silver bullion. Accordingly, all physical bullion owned by the Fund is stored in the vault facilities of either the Mint located in Canada or the applicable sub-custodian to the Mint located in Canada, the United States, the United Kingdom, Germany, Switzerland, China (including Hong Kong), India or Singapore, on a fully allocated and segregated basis. The sub-custodians to the Mint include Brink's Global Services International Inc., Dillon Gage Inc., Loomis AB and their affiliates.

The custodial arrangements are structured in a descending order such that monitoring, instructions, directions, information and other communications will flow from the Custodian, to RBC, to the Mint and then to the sub-custodians to the Mint and vice versa for ascending up through the custodial structure.

The obligations of the Mint with respect to the Fund include maintaining an inventory of the Fund's bullion stored with the Mint, providing a monthly inventory to RBC, maintaining the Fund's bullion physically segregated, allocated and specifically identifiable as the Fund's property under specifically identified account numbers as directed by RBC, and taking good care, custody and control of the Fund's bullion. The Manager and the Custodian will fulfill certain oversight and supervisory requirements in respect of the Mint and the sub-custodians to the Mint. Each of the Custodian, RBC, the Mint and any sub-custodian to the Mint will at all times maintain insurance in such amounts and on such terms and conditions as the Manager and RBC consider appropriate in respect of the Fund's bullion against all risk of physical loss of, or damage to, bullion stored in the Mint's or any sub-custodian to the Mint's vaults except risks that are beyond their control such as war, hostile or warlike actions, chemical, biological, electromagnetic or nuclear weapons or incidents, terrorism and government confiscation. None of the Manager, the Fund, nor the Custodian are a beneficiary of any such insurance and none of them may dictate the nature or amount of coverage. Each party carrying insurance coverage in respect of any bullion held by it shall on a periodic basis (at least annually) review its insurance policies to ensure that coverage is in the appropriate amount and that any changes have been reported accordingly.

Recordkeeper

RBC Investor Services Trust is the recordkeeper for the Fund. In such capacity, it 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 Investor Services Trust is paid a fee for performing its duties as the Trustee, Custodian and Recordkeeper.

Auditors

The auditors of the Fund are KPMG 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, the selection of the broker and the negotiation of commissions, are made by the Portfolio Manager. Where appropriate, the Manager may execute trades with broker-dealers that provide the Manager with goods or services in addition to order execution.

Factors considered when selecting a broker for a specific transaction may include brokerage services provided including execution capability, commission rate, willingness to commit capital, anonymity and responsiveness, the nature of the market for the security, the timing or size and type of the transaction, the reputation, experience and financial stability of the broker, the quality of the services rendered in other transactions, other goods and services provided (where appropriate), financial strength metrics, business continuity and trade settlement capabilities. Notwithstanding the factors listed above, in effecting portfolio transactions, overall service and prompt execution of orders on favourable terms will be of primary consideration. In all circumstances, the Portfolio Manager will seek to obtain the best order execution for the Fund and to minimize transaction costs.

Portfolio transactions may be executed with brokers who provide brokerage and/or research services to the Portfolio Manager, either directly or through a commission sharing arrangement. Such services may include: advice as to the value of securities and the advisability of effecting transactions in securities; analyses and reports concerning securities, portfolio strategies or performance, issuers, industries, or economic or political factors and trends; quotation services; post trade matching services; access services to issuer management; and databases or software to the extent they are designed mainly to support these services. The Portfolio Manager has established procedures to assist them in making a good faith determination that their clients, including the Fund, receive a reasonable benefit considering the value of research goods and services and the amount of brokerage commissions paid.

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 may 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 portion of portfolio transactions to Sprott Private Wealth LP.

Where brokerage transactions involving client brokerage commissions of the Fund have been or might be directed to a broker in return for the provision of any good or service by the broker or a third party, other than order execution, the names of such dealers or third parties will be provided upon request by contacting the Manager at 1 866 299 9906 or via email at invest@sprott.com.

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 March 31, 2017, Eric S. Sprott owned 61,598,078 common shares, representing 24.8% of the issued and outstanding voting securities of Sprott Inc.

As at March 31, 2017, 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 Units Owned	Percentage of Issued and Outstanding Units of the Series
R. Fraser Elliot Building	A	Beneficially and of record	2,221,377.722	19.4%
Glebe Avenue Investments	F	Beneficially and of record	1,268,500.000	33.8%
Sprott Charitable Foundation	F	Beneficially and of record	390,076.755	10.4%

As at March 31, 2017, the directors and senior officers of the Manager, in aggregate, did not beneficially own, directly or indirectly, more than 10% of the issued and outstanding units of any series of the Fund.

As at March 31, 2017, the members of the IRC did not own any securities in the Manager or any person or company that provides 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 units 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 Manager

has processes in place to ensure the Fund complies with such restrictions and practices when it uses derivatives. The Portfolio Manager 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 Manager has written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to those transactions by the Fund. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures. These policies and procedures are reviewed at least annually by the Manager and are approved by the board of directors of the Manager. The Compliance Team of the Manager is the group that monitors the risks associated with the use of derivatives independent of the Portfolio Manager. Currently, no risk measurement procedures or simulations are used to test the Fund's portfolios under stress conditions.

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 20 days of purchasing or switching them. In addition, if we detect excessive trading of your units in the Fund within 90 days of purchasing or switching them, we reserve the right to charge an additional 3% of the net asset value of the units. These fees are payable to the Fund.

The Recordkeeper, on behalf of the Manager, monitors and detects short-term trading. The Recordkeeper, on direction from the Manager, automatically charges a short-term trading fee on any redemption of units of the Fund that is made within 20 days of purchasing or switching 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 fee 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 the Manager; (vi) for a redemption of units as a result of regular payments made from RRIFs and locked-in retirement income funds; or (vii) 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 Manager 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 Manager. 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 Manager 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 Manager will generally 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 exceeding 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 Manager 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 Manager, affiliate or associate of the Fund or the manager or portfolio manager of such affiliate or associate, the conflict will be resolved in the best interests of the unitholders and the Fund.

The Portfolio Manager 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 Manager 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 and will be posted on the Fund's website at www.sprott.com.

Independent Review Committee

In accordance with NI 81-107, an IRC has been established for all the Sprott investment funds, which includes 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 investment 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 investment funds. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Sprott investment funds, and 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 investment funds. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions.

The IRC reports annually to securityholders of the Sprott investment funds on its activities, as required by NI 81-107. The reports of the IRC are available free of charge from the Manager on request by contacting the Manager at invest@sprott.com and are posted on the Manager's website at www.sprott.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 (a "management fee reduction") with respect to the units held by a particular investor. These fees may be reduced based on a number of factors including the type of investor and the number and value of units held by an investor (eg generally \$5,000,000) purchased during a specified period negotiated with the investor.

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. All fee distributions are reinvested in

additional securities unless otherwise requested. 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 Tax Act. This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax 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 has qualified as a mutual fund trust under the Tax Act throughout its current taxation year and will continue to so qualify at all times in the future. The Fund has so qualified and expects to so qualify in the future. 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 Tax Act, after taking into account any capital gains refunds under the Tax Act. Reasonable administrative and other expenses incurred for the purpose of earning income can be deducted by the Fund. In certain circumstances, losses of the Fund may be suspended or restricted and therefore would not be available to shelter capital gains or income.

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 Tax 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.

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 Tax 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 Tax Act effective at all material times, units of the Fund will be qualified investments under the Tax 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 Tax Act until withdrawals are made from the Registered Plan (withdrawals from a TFSA are not subject to tax, and RESPs and RDSPs are subject to special rules). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs and subscribers of RESPs, should consult with their own tax advisers as to whether units of the Fund would be prohibited investments under the Tax 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 2016 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, 2016, all the Sprott mutual funds which are organized as mutual fund trusts paid to the Trustee, in the aggregate, approximately \$134,658 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 investment funds. For the financial year ended December 31, 2016, the aggregate amount of fees and expenses paid to members of the IRC for all the Sprott investment funds was approximately \$208,000 (including HST).

MATERIAL CONTRACTS

A copy of the Trust Agreement dated September 9, 1997, as amended and restated on October 1, 2001 and February 13, 2004, and as further amended on November 1, 2007, January 16, 2009, December 23, 2013, March 31, 2014 and June 2, 2014, together with amended and restated Schedules "A" and "B" each dated December 30, 2016 between the Manager and RBC 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.

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) “*John Wilson*”

John Wilson
Chief Executive Officer
Sprott Asset Management GP Inc.

(signed) “*Kevin Hibbert*”

Kevin Hibbert
Acting 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: April 25, 2017

SPROTT SILVER BULLION FUND

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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, or from your dealer, or by 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 Sprott Asset Management LP internet site at www.sprott.com or at www.sedar.com.