



CANADIAN SILVER RESERVES

RÉSERVE D'ARGENT CANADIENNE

REDEMPTION OF ETRS

1. Redemption of ETRs

(a) ETRs may be redeemed once per month at the option of the ETR Holder for cash or, subject to a minimum redemption of 5,000 ETRs, physical silver bullion. Redemptions may be made initially on February 15, 2013 and thereafter on the 15th day of each month (or, if not a Business Day, on the next succeeding Business Day) (each, a "Redemption Date").

(b) Following each Redemption Date in which one or more redemptions have occurred, the redeemed ETRs will be delivered to the Transfer Agent for cancellation. ETRs submitted for redemption but not yet cancelled shall cease to be treated as "Outstanding ETRs" from and after the applicable Redemption Date unless the redemption price is not paid within 10 Business Days of such date.

(c) The Mint shall, in accordance with Section 14 (Silver ETR Certificate), provide ETR Holders with not less than 10 days' advance notice in the event of a decrease in the redemption fees set out in the Fee Schedule and not less than 90 days' prior notice in the event that (i) the redemption fees set out in the Fee Schedule are to be otherwise varied by the Mint or (ii) the Mint proposes to introduce a fee charged to ETR Holders redeeming ETRs for cash in accordance with Section 2. Any cash redemption fee introduced by the Mint shall be limited to offsetting increased processing or administrative costs associated with cash redemptions.

2. Redemptions for Cash

(a) To redeem ETRs for cash, an ETR Holder shall deliver to its CDS Participant a Cash Redemption Notice (or such other notice as is deemed acceptable by such CDS Participant) indicating the ETR Holder's intention to redeem ETRs for cash. The CDS Participant shall forward, on behalf of the redeeming ETR Holder and via CDS, an electronic direction representing such ETR Holder's Cash Redemption Notice to the Transfer Agent. Such electronic direction must be received by the Transfer Agent no later than 5:00 p.m., Toronto time, on the fifth Business Day immediately preceding a Redemption Date. Any electronic direction representing a Cash Redemption Notice received after such time shall be processed on the following Redemption Date. ETR Holders should consult their respective CDS Participants regarding deadlines or requirements independent of those described herein in respect of cash redemptions.

(b) The cash redemption price (the "Cash Redemption Price") per ETR is equal to 95% of the lesser of (i) the VWAP on the Redemption Date as calculated by the Mint, subject to rounding up or rounding down by an amount of not more than C\$0.01 as determined by the Mint in its sole discretion and (ii) the NAV per ETR on the Redemption Date.

(c) Upon receipt by the Transfer Agent of an electronic direction representing an ETR Holder's Cash Redemption Notice:

- (i) the Mint shall determine the amount of the Cash Redemption Price in accordance with Section 2(b) (which determination shall be final and binding absent manifest error); and

- (ii) the Mint shall deliver, via the Transfer Agent and CDS, the Cash Redemption Price, payable in Canadian dollars or U.S. Dollars at the election of the redeeming ETR Holder, to the account of the ETR Holder's CDS Participant within 10 Business Days after the applicable Redemption Date.

(d) Upon delivering a Cash Redemption Notice (or such other notice as is deemed acceptable by such CDS Participant) to its CDS Participant and thereby instructing such CDS Participant to deliver, via CDS, to the Transfer Agent an electronic direction representing its Cash Redemption Notice, such ETR Holder shall be deemed to have appointed its CDS Participant to act as its exclusive settlement agent with respect to the redemption and the receipt of the Cash Redemption Price. Upon receipt of such electronic direction by the Transfer Agent, such ETR Holder shall be deemed to have surrendered its ETRs for redemption. Upon receipt of the Cash Redemption Price in accordance with Section 2(c)(ii), CDS will deliver the ETRs redeemed for cash to the Transfer Agent for cancellation as and from the applicable Redemption Date.

3. Redemptions for Physical Silver Bullion

(a) To redeem ETRs for physical silver, an ETR Holder shall deliver a Physical Silver Redemption Notice to its CDS Participant instructing such CDS Participant to deliver such Physical Silver Redemption Notice, indicating the ETR Holder's intention to redeem ETRs for physical silver bullion, to the Transfer Agent on behalf of the ETR Holder. A Physical Silver Redemption Notice must be received by the Transfer Agent no later than 5:00 p.m., Toronto time, on the fifth Business Day immediately preceding a Redemption Date. Any Physical Silver Redemption Notice received after such time shall be processed on the following Redemption Date. Each Physical Silver Redemption Notice shall be delivered to the Transfer Agent by an ETR Holder's CDS Participant in accordance with Section 15 (Silver ETR Certificate) and must be guaranteed by a chartered bank or by a member of an acceptable Medallion Guarantee Program to be deemed valid by the Transfer Agent and the Mint. ETR Holders should consult their respective CDS Participants regarding deadlines or requirements independent of those described herein in respect of redemptions for physical silver bullion.

(b) The Physical Silver Redemption Notice must be for a minimum of 5,000 ETRs, and the redeeming ETR Holder may elect to receive one or more of the following Mint products with a minimum purity of 99.9%: (i) London Good Delivery Bars; (ii) 100 ounce bars; and (iii) one ounce silver Maple Leaf coins (in increments of 25), which have a minimum purity of 99.99%.

(c) Each Physical Silver Redemption Notice shall: (i) specify the number of ETRs to be redeemed; (ii) specify the type of Mint product(s) the redeeming ETR Holder elects to receive and, if more than one, the relative amount of each Mint product, expressed as an approximate percentage of the total physical silver bullion redeemed; (iii) request to remove the specified ETRs from CDS to the Direct Registration System; (iv) specify the name, email address and telephone number of the Carrier to whom the Mint shall remit the physical silver bullion redeemed; and (v) propose a Business Day on which the Carrier will pick-up the physical silver

bullion redeemed, which date shall not be earlier than five Business Days nor later than 10 Business Days after the applicable Redemption Date.

(d) Upon receipt of a valid Physical Silver Redemption Notice by the Transfer Agent and removal of the ETRs from CDS to the Direct Registration System, the ETR Holder shall be deemed to have irrevocably surrendered its ETRs for redemption.

(e) Any Physical Silver Redemption Notice that does not meet the requirements of this Section 3, as determined by the Transfer Agent and the Mint, in their sole discretion, will for all purposes be void and of no effect, the request to remove the applicable ETRs to the Direct Registration System will be rejected and the redemption privilege to which it relates will be considered for all purposes not to have been exercised thereby. In such case, the Transfer Agent, on behalf of the Mint, shall provide a notice to the applicable ETR Holder in accordance with Section 14 (Silver ETR Certificate) within 10 Business Days after the applicable Redemption Date explaining the deficiency in the Physical Silver Redemption Notice.

(f) Upon receipt of a duly completed and delivered Physical Silver Redemption Notice and following the corresponding Redemption Date:

- (i) the Mint shall determine the amount of physical silver bullion and the amount of cash for fractional amounts to which the redeeming ETR Holder is entitled and the amount of Physical Silver Redemption Fees payable by such redeeming ETR Holder. The Mint shall provide such information by notice to the redeeming ETR Holder in accordance with Section 14 (Silver ETR Certificate) no later than the fifth Business Day after the applicable Redemption Date. Such notice shall also confirm the Business Day on which the ETR Holder's physical silver bullion will be available for pick up by the Carrier appointed by the redeeming ETR Holder (the "Pick-Up Date"). The Mint reserves the right to select an alternate Pick-Up Date from that proposed by the redeeming ETR Holder in its Physical Silver Redemption Notice;
- (ii) the ETRs representing less than 25 troy ounces of physical silver bullion shall be redeemed for cash at the NAV per ETR on the Redemption Date and paid by cheque in the name of the redeeming ETR Holder, such cheque to be delivered by the Mint to the redeeming ETR Holder in accordance with Section 14 (Silver ETR Certificate) no later than 10 Business Days after the applicable Redemption Date;
- (iii) the ETRs subject to a Physical Silver Redemption Notice shall be transferred from CDS to the Direct Registration System to be registered in the name of the ETR Holder as indicated on the Physical Silver Redemption Notice and the Transfer Agent shall deliver to the ETR Holder in accordance with Section 14 (Silver ETR Certificate) a DRS Advice notifying such ETR Holder that the ETRs evidenced thereby are being held by the Transfer Agent on a restricted basis;

- (iv) the Mint shall remit the physical silver bullion to which the redeeming ETR Holder is entitled to the Carrier appointed by such ETR Holder at the Mint's Facility (as designated by the Mint) on the Pick-Up Date. For greater certainty, the Carrier will receive the physical silver bullion in connection with a redemption of ETRs in the jurisdiction in which the designated Mint's Facility is located; and
- (v) upon notice from the Mint confirming remittance to the Carrier of the physical silver bullion on the Pick-Up Date, the Transfer Agent shall cancel the ETRs on the Direct Registration System and deliver to the redeeming ETR Holder in accordance with Section 14 (Silver ETR Certificate) a DRS Advice notifying such ETR Holder that the ETRs have been cancelled.

(g) ETR Holders redeeming ETRs for physical silver bullion shall be responsible for arranging pick-up and delivery of the physical silver bullion from the Mint by a Carrier. The redeeming ETR Holder shall bear all expenses relating to the transportation and delivery of the physical silver bullion from the Mint's Facility (as designated by the Mint) to the location such ETR Holder determines.

(h) Upon remittance of the physical silver bullion representing the redeemed ETRs into the custody of the Carrier, the Mint shall be relieved of all liability for loss of, and damage to, such physical silver bullion and the ETR Holder shall have no recourse against the Mint for loss or damage thereafter.

(i) All payments and remittances by the Mint under this section shall be made net of Physical Silver Redemption Fees. The Mint shall deduct Physical Silver Redemption Fees from the cash payable in lieu of physical silver bullion under Section 3(f)(ii). If the cash payable is insufficient to cover the Physical Silver Redemption Fees, the Mint may, at its sole discretion, reduce the quantity of physical silver bullion to which the redeeming ETR Holder is entitled in order to ensure that the Physical Silver Redemption Fees are payable with the residual cash upon redemption of physical silver bullion. To do so, the Mint may: (i) select a London Good Delivery bar of a lesser weight, (ii) reduce the number of one ounce silver Maple Leaf coins to which a redeeming ETR Holder is entitled or (iii) take such other steps as the Mint deems reasonable in the circumstances.

4. Suspension of Redemptions

(a) The Mint may suspend the right of an ETR Holder to redeem its ETRs or postpone the date of delivery or payment of the redemption proceeds (whether physical silver bullion and/or cash, as the case may be) for any period during which the Mint determines that conditions exist which render impractical the fabrication, evaluation or sale of silver or which impair the ability of the Mint to determine the value of the silver bullion owned by the ETR Holder or the redemption amount for the ETRs. Any declaration of suspension made by the Mint shall be conclusive.

(b) In the event of a suspension, the Mint shall issue a press release announcing the suspension of redemptions as soon as practicable thereafter and post such press release to the Program Website and notify the Transfer Agent. The suspension shall terminate all requests for redemption received prior to the suspension, but for which payment has not been made, and to all requests received while the suspension is in effect. ETR Holders whose redemptions have been suspended shall be notified of the suspension by the Transfer Agent within 10 Business Days of the date of the suspension in accordance with Section 14 (Silver ETR Certificate) and that the requested redemption has been so terminated. For greater certainty, ETRs transferred to the Direct Registration System but for which payment has not been made (and therefore are not yet cancelled) will be returned to the non-certificated inventory system of CDS in the event of a suspension.

(c) The suspension shall terminate when the Mint has determined that the condition giving rise to the suspension no longer exists, provided that no other condition under which a suspension is authorized then exists, at which time the Mint shall: (i) issue a press release announcing the termination of the suspension as soon as practicable thereafter and post such press release to the Program Website; (ii) notify the Transfer Agent; and (iii) provide notice within 10 Business Days of the date of the termination of the suspension in accordance with Section 14 (Silver ETR Certificate) to those ETR Holders whose redemptions were terminated as a result of the suspension.