

Inspectorate International Limited  
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February 13, 2012

The Directors

ETF Securities Ltd.

Ordnance House,

31 Pier Road,

St Helier,

Jersey, JE4 8PW

Dear Sirs,

**Count of Palladium Bullion in respect of ETFS Physical Palladium**

ETF Securities Ltd (the "Client") has engaged Inspectorate International Limited ("Inspectorate") to conduct two inspections per year of the Palladium bullion stock held on behalf of ETFS Physical Palladium at the vaults of HSBC Bank USA N.A., London (the "Custodian") or at the vaults of its sub-custodian, Via Mat International, Switzerland.

It is with pleasure that we submit below our reports to the Client in accordance with the agreed procedures for record date as of December 31, 2011.

Name of Account	Law Debenture Trust Plc as Trustee for ETFS Physical Palladium
Material	London Good Delivery Palladium Bars
Location	Via Mat International, Zurich, Switzerland
Results	As at the Close of business on December 31, 2011, ETFS Physical Palladium held title to 3,007 London Good Delivery Palladium Bars said to be of purity of 99.95% minimum, up to and including 99.99%. As per the weight list records of the Custodian the gross weight troy ounces are said to be:  London Good Delivery Palladium Bars : 305,036.635 Tr. oz.
Description of Activity	Over the course of the inspection, we performed procedures including but not limited to: <ul style="list-style-type: none"><li>Reconciled the palladium inventory records of the Administrator to the records of the Custodian.</li></ul>

- Agreed each individual palladium bar in the palladium count to the records of the Custodian as being held in the name of the above mentioned account.
- Checked all bar numbers and brand purities of each palladium bar against the records of the Custodian.
- Check-weighed a random sample of palladium bars selected by Inspectorate approximately equal to 2.5 percent of the bar list. These weights were reconciled to the paperwork supplied by the Custodian and the Administrator.
- Reconciled the physical movement of bars which occurred during the inspection period between December 31, 2011 and January 11, 2012.

Anomalies

No anomalies were identified in respect of the palladium bars as at December 31, 2011.

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### Count of Palladium Bullion in respect of ETFS Physical Palladium (continued)

Name of Account	Law Debenture Trust Plc as Trustee for ETFS Physical Palladium
Material	London Good Delivery Palladium Bars
Location	HSBC Bank USA N.A., London
Results	<p>As at the close of business on December 31, 2011, ETFS Physical Palladium held title to 1,596 London Good Delivery Palladium Bars said to be of purity of 99.95% minimum, up to and including 99.99%. As per the weight list records of the Custodian the gross weight troy ounces are said to be:</p> <p>London Good Delivery Palladium Bars : 159,037.055</p>
Description of Activity	<p>Over the course of the inspection, we performed procedures including but not limited to:</p> <ul style="list-style-type: none"><li>• Reconciled the palladium inventory records of the Administrator to the records of the Custodian.</li><li>• Agreed each individual palladium bar in the palladium count to the records of the Custodian as being held in the name of the above mentioned account.</li><li>• Checked all bar numbers and brand purities of each palladium bar against the records of the Custodian.</li><li>• Check-weighed a random sample of palladium bars selected by Inspectorate equal to 2.5 percent of the bar list. These weights were reconciled to the paperwork supplied by the Custodian and the Administrator.</li><li>• Reconciled the physical movement of bars which occurred during the inspection period between December 31, 2011 and February 3, 2012.</li></ul>
Anomalies	No anomalies were identified in respect of the palladium bars as at December 31, 2011.

The audit was carried out to the best of our knowledge and this report reflects our findings as at time and place for audit only.

For and on behalf of

INSPECTORATE INTERNATIONAL LIMITED

*Paul Atkinson*