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February 10, 2012

The Directors

ETF Securities USA LLC

Ordnance House,

31 Pier Road,

St Helier,

Jersey, JE4 8PW

Dear Sirs,

Count of Palladium Bullion in respect of ETFS Palladium Trust

ETF Securities USA LLC (the "Client") has engaged Inspectorate International Limited ("Inspectorate") to conduct two inspections per year of the palladium bullion stock held on behalf of ETFS Palladium Trust at the vault of J.P. Morgan Chase N.A, London (the "Custodian"), or at the vaults of its sub-custodian, UBS A.G., Zurich.

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	Bank of New York Mellon as Trustee for ETFS Palladium Trust
Material	London Good Delivery Palladium Bars
Location	J.P. Morgan Chase N.A, London
Results	As at the close of business on December 31, 2011, ETFS Palladium Trust held title to 4,377 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 : 443,536.293
Description of Activity	Over the course of the inspection, we performed procedures including but not limited to: <ul style="list-style-type: none">Reconciled the palladium inventory records of the Administrator to the records of the Custodian.

- 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.
- Visually 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 9, 2012.

Anomalies

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

Count of Palladium Bullion in respect of ETFS Palladium Trust (continued)

Name of Account	Bank of New York Mellon as Trustee for ETFS Palladium Trust
Material	London Good Delivery Palladium Bars
Location	UBS Zurich
Results	<p>As at the Close of business on December 31, 2011, ETFS Palladium Trust held title to 1,424 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: 144,586.713 troy ounces</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"> • Reconciled the Palladium inventory records of the Administrator to the records of the Custodian. • 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 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 23, 2012.
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

