

Precious metals start trading on ASX

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- ETF Securities, the world's leading issuer of Commodity Exchange Traded Products led by Australian entrepreneur Graham Tuckwell, enters the Australian investment market
- Strong investor demand for precious metals and physically-backed ETCs worldwide:
 - ETFS physical gold (ASX:GOLD) experienced A\$55.6 million of inflow or 24% growth in assets under management during the past two months
 - more than A\$4.3bn has flowed into precious metals ETCs since January 1st 2009, a 240% growth
- Australian entrepreneur Graham Tuckwell brings his company ETF Securities home
- Purchase of Gold Bullion Securities Ltd (ASX Code – GOLD)

The global pioneer and world's leading issuer of exchange traded commodities (ETCs), ETF Securities, today announced trading will begin in a range of precious metal, exchange traded commodities on the Australian Stock Exchange on Monday (February 2). The ETCs are backed by physical metal.

This is the first time that silver, platinum, palladium or a precious metals basket have been made available to Australian investors through ordinary brokerage accounts and these innovative new products will enable Australian investors to take advantage of a whole new range of investment opportunities.

ETF Securities is also the owner and promoter of the world's first and highly successful gold ETC – Gold Bullion Securities, listed on the Australian Stock Exchange since early 2003 (ASX:GOLD).

Metal Securities already available to Australian investors:

- **ETFS Physical Gold*** **ASX code: GOLD**

** Previously called Gold Bullion Securities*

The four new Metal Securities to be quoted are:

- **ETFS Physical Platinum** **ASX code: ETPMPT**
- **ETFS Physical Palladium** **ASX code: ETPMPD**
- **ETFS Physical Silver** **ASX code: ETPMAG**
- **ETFS Physical PM Basket** **ASX code: ETPMPM**

The basket will consist of platinum, palladium, silver and gold

First dealings in these securities are expected to commence on the ASX on Monday the 2nd February.

ETF Securities adds depth to its offering in the Australian market on the back of strong client demand for precious metals and physically-backed ETCs worldwide.

During these volatile times Gold and precious metals have benefitted from the market desire to reduce risk with investors using precious metals as a store of value and as a safe haven. In addition it has been shown that Gold has no correlation with Equities thereby providing additional diversification benefits to investment portfolios. Precious metals also tend to give a hedge to inflation and also usually negatively correlate to the US dollar. All these factors have proven very appealing to investors globally.

In 2008 GOLD has risen 32% in AUD terms compared to a 41% fall in the ASX 200, an outperformance of 73%. The other precious metals - silver, platinum and palladium have all also outperformed the ASX 200 by at least 4% over the last year with silver outperforming the ASX 200 by 37%.

ETCs have been in great demand recently in a time where many other asset classes are

experiencing outflows. ASX listed ETFS Physical Gold (ASX:GOLD) experienced more than A\$55.6 million of inflow or 24% AUM growth over the last two months. Globally Gold ETCs attracted more than A\$8.5 bn, with A\$2.4bn in the past 3 months. ETCs have lowered many of the barriers that previously prevented many investors from investing in the precious metals market; including access, trading and operational risks, and secure storage.

All the physical precious metal ETCs are 100% backed by allocated metal – uniquely identifiable bars which carry no bank or other types of credit risk. As a result, physical ETCs save investors from many of the difficulties associated with purchasing precious metals such as access to physical bars and then having to store and insure those bars. Other gold and precious metal products, such as gold certificates tend not to be backed by allocated metal and the investor is exposed to the Issuers credit risk.

Commenting on the the new range of physical ETCs, Graham Tuckwell, chairman of ETF Securities, said:

"Our decision to launch this range of precious metals is two-fold. First, it comes in the wake of increasing global demand for precious metals through ETCs, which have seen steady growth over the last four years to about A\$45bn. Second, we want to offer investors exposure to a broad range of precious metals, which have historically been extremely difficult to access.

"ETCs provide investors with an investment vehicle that tracks the price of precious metals, not a portfolio of equities. Investors understand that under different market conditions, there are times when commodities will outperform comparable commodity companies and times when commodity companies will outperform the relevant commodities. Uncorrelated to equities, ETCs can provide investors with additional portfolio diversification."

"The Australian market has always been very focused on resource equities, and investors now will have the opportunity to get direct exposure to precious metals to complement equity investment. These products have no credit risk as ETCs are 100% backed by allocated bullion held in trust; this has become a very important selling point in today's markets given the increased focus on credit and counterparty risks."

BACKGROUND

ETCs are designed to offer investors a simple, cost-efficient and secure way to access the precious metals market. They provide investors with a return equivalent to movements in the metal's spot price, less a small annual management fee, which accrues daily.

Similar to Exchange Traded Funds (ETFs), ETCs are open-ended securities, which can be created or redeemed on demand (by market-makers) provided the relevant amount of metal is delivered to the custodian. Investors can buy and sell ETCs through regulated brokers or approved market makers; they can be traded in the same way as equities, including market, limit and stop orders. They can also be shorted through stock borrowing or CFDs. The minimum trade size is one security and settlement is T+3 (trade date plus three business days).

ETCs have been around since 2003, when the first one, Gold Bullion, listed on the ASX. Now there are A\$12 billion of ETCs*. They are relatively new investment tools, which enable investors to gain exposure to commodity prices without trading futures or taking physical delivery.

The management of ETF Securities created the world's first ETC, Gold Bullion Securities, which is quoted in Australia and London and has over A\$5.6 billion of assets*. The new ETCs are backed by physical allocated metal held by the custodian HSBC N.A., the world's leading custodian for ETCs. All physical metals held with the custodian must conform to the rules for good delivery of the London Bullion Market Association (LBMA) and London Platinum Palladium Market (LPPM).

ETF Securities Limited pioneered the development of the world's first entire ETC platform, which was listed on the London Stock Exchange in September 2006. Since then ETF Securities has listed its entire range of ETCs on Europe's major exchanges (Frankfurt, Paris, Amsterdam and Italy) with each exchange creating a separate ETC segment. ETCs listed by the management of ETF Securities now exceed A\$12 billion.

Australian Graham Tuckwell is the founder and chairman of the ETF Securities group of companies. He is also the founder and chairman of Gold Bullion Securities Limited in Jersey and Australia, which obtained the world's first listings of a commodity on a stock exchange.

Previously, Graham was the founder and managing director of Investor Resources Limited, a boutique corporate advisory firm.

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To obtain a copy of the prospectus please visit the website at www.etfsecurities.com

* As at 28th January 2009

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