

## FROM THE CHAIRMAN

The December Quarter of 2009 was significant as the final chapter in a year which saw a marked recovery in the global resources sector and the strong outperformance of GMI's portfolio in both absolute and relative terms.

Underpinning the turnaround in global resources sentiment was the performance of China's economy which strengthened its claim on the demand-side of the sector amid a continuing flat outlook for economic growth in most developed economies.

Adjustments made to commodity stockpiles and the 'switching off' or postponement of many resource developments in the aftermath of the global financial crisis resulted in a reduction in supply throughout the sector.

Forecasts for the continuing tight supply of key industrial metals such as copper and iron ore combined with still robust demand from China remain key considerations in GMI's ongoing investment choices. We continue to prefer global producers with long-life and low cost assets where the imbalance in supply and demand remains favorable.

GMI's preferences for in-demand bulk commodities, gold, platinum and copper resulted in some strong individual stock performances over the Quarter, with holdings in companies exposed to the strengthening iron ore and copper market such as Rio Tinto, Vale and BHP Billiton as well as First Quantum being well represented in the portfolio.

Record levels of Chinese copper imports in the second half of calendar 2009 combined with ongoing supply constraints continued to support prices over the December Quarter, benefiting GMI's holdings in First Quantum, Freeport McMoran and Sociedad Minera.

Gold's stellar performance over the Quarter, breaking the psychologically important US\$1,000 an ounce level to reach record highs of US\$1,212 an ounce in early December, also bolstered the portfolio.

GMI expects gold prices will continue to benefit from the trend towards falling mine production and growing central bank demand for gold. Indeed, our portfolio remains well-leveraged to this improving trend through positions in gold producers such as Minas Buenaventura, GV Gold and Petropavlovski, and Newcrest Mining.

Looking ahead, the outlook for the global resources sector continues to be closely tied to the strength of China's economy and, in particular, the extent and effectiveness of attempts by its leadership to manage the pace of growth and prevent asset price distortions. On the supply side, questions remain about the extent to which stalled mine capacity can be recommissioned to keep

pace with demand - particularly in key industrial markets such as copper where mine closures and development delays continue to constrain supply.

GMI's investment preference for major global diversified producers with sustainable and low cost assets has ensured the portfolio performed strongly over the Quarter and during 2009 with GMI's portfolio outperforming the HSBC Global Mining Index (A\$) benchmark by 1.8 per cent over the latest three months and by 7.8 per cent over calendar 2009.

GMI remains committed to sound stock and commodity selection - especially with an uncertain start to 2010 characterised by the mixed backdrop of reasonably strong demand from emerging markets offset by some ongoing sector volatility and patchy growth in key developed economies.

We are pleased to report GMI's portfolio retains a broad geographical diversity with 50 companies listed across eight international stock exchanges at the end of 2009, providing an unrivalled global profile compared with other Australian resource investment options.

In addition, our partnership with major investment manager BlackRock has provided the opportunity to participate in some significant investment opportunities. In December 2009, this relationship allowed GMI to initiate a convertible bond position in Glencore, the world's largest commodities trader and 35% owner of global miner Xstrata.

This investment provides GMI with an attractive entry point into Glencore should the miner list in the future while still providing GMI with a solid ongoing return should it continue to remain private.

The investment in Glencore is GMI's fourth-largest holding at 6.1 per cent at 31 December 2009, with total unlisted holdings comprising 11 per cent of the portfolio.

GMI's ability to access and hold these unlisted investments is a relatively small but key feature of GMI's diverse portfolio and provides investors with unique exposure to emerging opportunities.



John Robinson  
Non-Executive Chairman

## QUARTER SUMMARY

- The GMI portfolio rose 15.6 per cent in the December Quarter, 2009, outperforming the benchmark HSBC Global Mining Index (A\$) by 1.8 per cent over the same period
- The GMI portfolio increased by 66.5 per cent in calendar 2009, outperforming the HSBC Global Mining Index by 7.8 per cent, and outperforming by 3.9 percentage points on an annualised basis over the five years to 31 December 2009
- The Company's profitability to 31 December 2009 has enabled GMI Directors to grant a fully franked dividend of 1 cent per share
- Global equity markets rebounded strongly from the global economic crisis, with the MSCI World Index rising 3.7 per cent over the Quarter due to continuation of easier monetary policy settings and improving investor confidence
- GMI's Net Tangible Assets (NTA) rose 13.1 per cent over the Quarter to \$1.38 after allowing for tax on unrealised gains and losses across the portfolio, and up 16.4 per cent to \$1.42 before tax
- GMI's share price rose 10.5 per cent over the December Quarter to \$1.22 and gained 64 per cent in 2009
- GMI initiated a convertible bond position in the world's largest commodities trader, Glencore, in December 2009 that represents 6.1 per cent of the GMI portfolio
- Gearing facility has enabled GMI to take advantage of investment opportunities, with gearing of 6.2 per cent at quarter end

## PORTFOLIO PERFORMANCE

The December Quarter saw a strong portfolio performance in both absolute terms as well as relative to the benchmark HSBC Global Mining Index (A\$)

GMI's investment preference for major global diversified producers with sustainable and low cost assets has ensured the portfolio weathered the challenges of the global financial crisis solidly, emerging in a position of relative strength

GMI's portfolio rose 15.6 per cent in the Quarter outperforming the benchmark HSBC Global Mining Index (A\$) by 1.8 per cent over the same period

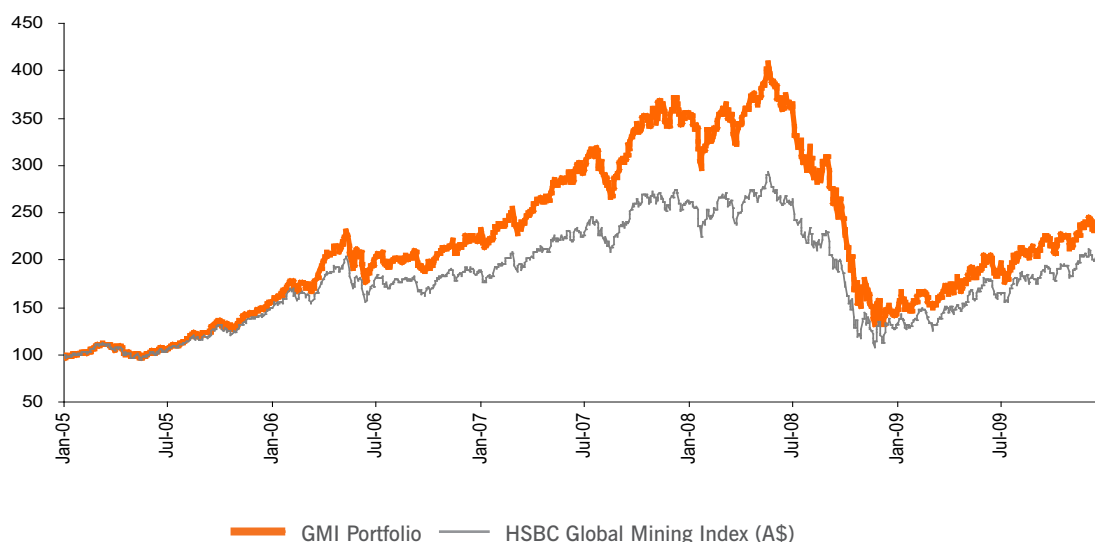
Over the calendar year to December 31 the GMI portfolio increased, 66.5 per cent, outperforming the HSBC Global Mining Index by 7.8 per cent

Over the longer term, GMI has had annualised performance of 19.8 percent over the 5 years to 31 December 2009, outperforming the HSBC Global Mining Index by 3.9 per cent in relative terms

Our bias towards investing in companies operating in markets characterised by ongoing imbalances in demand and supply has led to heavy weightings in in-demand bulk commodities, gold, platinum and copper

These preferences have resulted in some strong individual stock performances over the Quarter, with holdings in companies exposed to the strengthening iron ore and copper market such as Rio Tinto, Vale and BHP Billiton as well as First Quantum among the strong contributors to GMI's outperformance

GMI PORTFOLIO V HSBC GLOBAL MINING INDEX (A\$)  
Non-annualised returns for five years to 31 Dec 2009



Source: DataStream and Internal. All data in A\$.

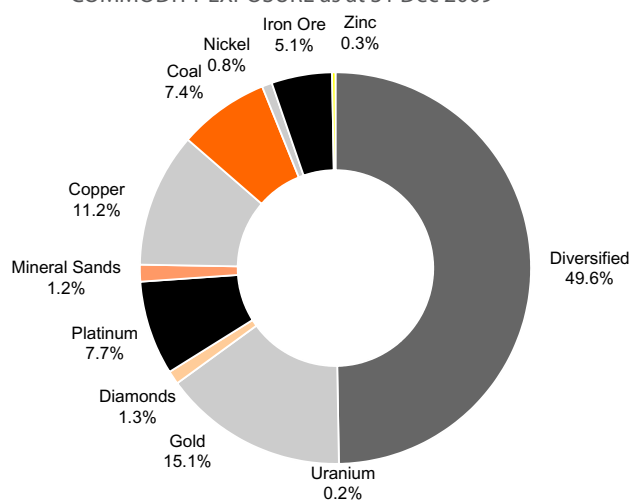
## COMMODITY SNAPSHOT

- Gold touched record highs of US\$1,212 an ounce in early December driven by investor fears about inflation and a weakening US Dollar
- Copper prices well-supported by record levels of Chinese imports in the second-half of 2009
- Iron ore and copper market both experienced continued supply-side tightness as the resumption of previously cancelled or delayed production experienced protracted delays
- Strengthening iron ore and copper markets benefited GMI's portfolio through holdings in major producers such as Rio Tinto and First Quantum Minerals and major iron ore producers BHP Billiton and Vale
- Platinum group metals well-supported by restocking in the automotive industry and continued concerns about supply-side shortages from South Africa. GMI's holding in South African producer Impala Platinum remains a top ten holding offering solid, long-term exposure to an improving supply-demand trend

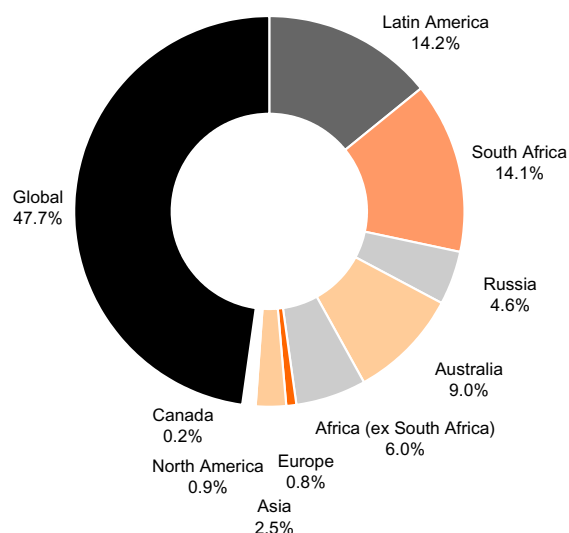
## OUTLOOK

- Recent pullback has made equity valuations more attractive, however a cautious approach is required given the risk of continued profit-taking on the tail of the powerful equity market rally in the second-half of 2009
- Emerging market demand to track at robust levels for the coming year albeit overshadowed by uncertainty about the outlook for developed market demand which is yet to show any significant strengthening
- Further supply side tightness expected for key industrial commodities as companies continue to postpone or cancel production growth plans amid a cautious growth outlook in most developed economies
- Some moderation in Chinese imports of industrial metals expected in 2010 as demand normalizes
- Iron ore, in particular, to remain in short supply in 2010 as producers struggle to keep up with demand

COMMODITY EXPOSURE as at 31 Dec 2009



GEOGRAPHIC EXPOSURE as at 31 Dec 2009



GMI'S PORTFOLIO ROSE 66.5 PER CENT IN THE YEAR TO 31 DEC 09 OUTPERFORMING THE BENCHMARK HSBC GLOBAL MINING INDEX (A\$) BY 7.8 PER CENT OVER THE SAME PERIOD.

## ABOUT GLOBAL MINING INVESTMENTS

Global Mining Investments is one of the largest listed global mining investment vehicles in the Australian market.

GMI provides exclusive exposure for Australian shareholders through a single listed entity to a global portfolio of metal and mining equity investments.

The portfolio comprises around 50 metal and mining stocks and goes well beyond holdings in BHP and Rio to include positions in other major international mining companies.

GMI's Investment Manager is the highly credentialed, London-based natural resources team from BlackRock.

The BlackRock natural resources investment group manages the world's largest mining mutual fund with some US\$30 billion invested in international mining stocks. As GMI's Investment Manager, BlackRock provides unique investment exposure backed by strong analytical skills and ready access to new investment opportunities.

## TOP TWENTY HOLDINGS AS AT 31 JANUARY 2010

Company	% of GMI	Listing	Location	Commodity
BHP Billiton	10.8	LSE	Global	Diversified
Vale	10.1	NYSE	Global	Diversified
Rio Tinto	8.3	LSE	Global	Diversified
Glencore	6.6	Unlisted	Global	Diversified
Impala Platinum Holdings Ltd	5.9	JSE	South Africa	Platinum
First Quantum Minerals	4.5	TSX	Africa	Copper
Xstrata Plc	4.3	LSE	Global	Diversified
Newcrest Mining	3.9	ASX	Australia	Gold
African Rainbow Minerals Ltd	3.8	JSE	South Africa	Diversified
Aquila Resources	3.6	ASX	Australia	Coal
Anglo American Plc	3.1	LSE	Global	Diversified
Atlas Iron	3.0	ASX	Australia	Iron
GV Gold	2.9	Unlisted	Russia	Gold
Minas Buenaventura	2.8	NYSE	Latin America	Gold
Freeport McMoran	2.1	NYSE	Asia Ex-China	Copper
Petropavlovski Plc	2.1	LSE	Russia	Gold
Eurasian Natural Resources	1.9	LSE	Asia Ex-China	Diversified
Eramet Sln	1.9	BDP	Europe	Diversified
Kumba Iron Ore Limited	1.9	JSE	South Africa	Iron
Sociedad Minera	1.8	Lima	Latin America	Copper
	85.3			

For further information, visit our website: [www.globalmining.com.au](http://www.globalmining.com.au) or phone 03 9235 1700.

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