

GLOBAL MINING

INVESTMENTS LTD

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June 2004 NTA / Investment Update

Global Mining Investments Limited (GMI) listed on the Australian Stock Exchange on 8 April 2004.

As at 30 June 2004, 97% (31 May 92%) of the portfolio had been invested in natural resource companies in accordance with the Investment Strategy of the Investment Manager, Merrill Lynch Investment Managers Limited. The balance of the portfolio is held in cash in US\$.

The NTA before tax as at 30 June 2004 was 97.62 (31 May 95.74) cents per share and the NTA after tax was 97.03 (31 May 95.19) cents per share.

GMI has also issued options to subscribe for shares at an exercise price of \$1.00 on or before 30 November 2006. The options have no dilutive effect on the NTA per share until the NTA exceeds \$1.00.

(NTA figures are unaudited)

Investment Manager Commentary

Market Summary

The Investment Manager is pleased to report that the net assets per share in Australian dollar terms are now higher than when the portfolio was seeded by the shareholders in early April. Although the increase is small it is pleasing to us as managers that we are now back in positive territory since inception, especially considering the volatility in GMI's first month of life.

Performance Table

	Starting Value	Value 30/4/05	Value 31/5/04	Value 30/6/04	% Change 1 month	% Change Since Launch
GMI Assets US\$	57,109,602	50,726,923	53,068,600	52,689,743	-0.7%	-7.7%
HSBC US\$	226.5	188.31	198.04	199.69	+0.8%	-11.8%
GMI Assets A\$	75,510,839	70,130,569	74,200,644	75,638,448	+2.0%	+0.2%
HSBC A\$	297.01	261.3	276.9	286.66	+3.5%	-3.5%

(performance numbers are unaudited)

For the month as a whole the HSBC Global Mining Index increased by +3.5% versus +2.0% increase in the value of the portfolio (Australian dollar terms). Although a positive return was generated it was disappointing to deliver a poor relative return. Metal prices also posted further gains during the month with the MG Base Metals Price Index (MGBMPI) up 3.4% in Australian dollar terms. The MGBMPI is now only 2.1% below its high of the year. Further tightness has developed in the traded coal markets with prices continuing to move higher. We note that Macquarie raised their forecasts for Australian contract level pricing for thermal and coking coal by 22% and 54% for 2005. Spot prices for these commodities are trading at even higher levels. We expect coal to be a sleeper in most of the large diversified companies earnings this year and next given the contractual nature of the coal markets.

June saw a dramatic resurgence in corporate activity within the mining sector. Numerous new transactions and competing offers were made to shareholders of various companies. These ranged from a hotting up in hostilities over the assets of IAM Gold and Wheaton River in Canada through to the collapse of the proposed merger of Aur Resources and Inmet.

However by far the most significant event for the portfolio revolved around our holdings in CVRD (circa 9%), Noranda (circa 2.6%) and Falconbridge (circa 2.3%).

In early June, Noranda's Board of directors announced "the commencement of a review of various means of maximising shareholder value after having received several expressions of interest in the company from potential acquirors." We have for some time believed that the cross shareholding structure between Noranda and Falconbridge would be unwound and there would be a material release of value as a result. In addition the commodity exposure of the combined groups was also viewed as attractive. The news of potential suitors circling over these two companies sent the shares considerably higher and by month end Noranda and Falconbridge up 6.5% and 8% respectively. This would have been very positive for the portfolio but for the fact that the acquirer was purported to be CVRD which fell 4% during the month. The overall net effect was a loss of over 0.7% relative to the Benchmark in June. We are waiting to see what transpires as a result of all of these goings on but in any case the new share price level of CVRD has left the shares trading at an even more attractive level and we anticipate adding to the holding.

Oxus Gold (circa 1%), a core junior holding in the portfolio, has also started to come back to life. The company has been left behind by the market and during June it managed to recapture a little of this lost performance. It was reported in the press that the company was in initial talks with the South African gold miner Harmony Gold and that these talks could lead to further developments. The shares rallied by 17.6% during the month and we are now waiting for an update on the latest developments.

Amerigo Resources (circa 0.8%) announced the go ahead of the construction of a molybdenum plant at its Chilean copper operations. The investment, although small, will have a 2-month payback at current molybdenum prices and should the company receive permission to increase production again next year it will have a material positive impact on cash flow and earnings.

The Fund's gold holdings enjoyed a positive run during the period with Newcrest up 7% and Placer Dome up 8.4%. Rumours of a bid for Newcrest continued to interest the market and further exploration success at Cortez Hills enhanced the appeal of Placer.

Activities Report

During the period holdings in Zinifex, Grupo Mexico and Impala were increased. New holdings were made in Spur Ventures, Ballarat Goldfields, Norddeutsche Affinerie and First Quantum Minerals. At the end of the period the Fund had 2.7% in cash.

Top Ten Holdings as at 30th June 2004 (% of gross assets including cash)

	% of GMI including cash	Country	Commodity
BHP Billiton Ltd	9.9%	Global	Diversified
Rio Tinto Ltd	8.7%	Global	Diversified
CVRD	8.5%	Brazil	Iron Ore
Impala Platinum	6.4%	South Africa	Platinum
Alumina Ltd	5.9%	Australia	Alumina
Xstrata Plc	5.2%	Global	Diversified
Buenaventura	5.0%	Peru	Gold
Alcan	4.3%	Canada	Aluminium
Alcoa	3.7%	USA	Aluminium
Anglo American Plc	3.1%	Global	Diversified
	60.8%		

Commodity Allocation as at 30th June 2004

	GMI	HSBC Global Mining Index
Aluminium	16.0%	13.8%
Copper	5.0%	5.6%
Nickel	4.9%	3.2%
Zinc	2.7%	0.3%
Gold	14.2%	18.4%
Platinum	6.5%	4.6%
Diamonds	2.1%	0.5%
Industrial Minerals	1.1%	1.6%
Diversified	44.5%	45.3%
Other	0.3%	6.7%
Cash	2.7%	-
	100%	100%

Outlook

Last month we were pleased by the pick up in valuations after the negative returns in April. June again delivered a positive performance with the portfolio finishing above the starting NAV despite the sector as a whole being lower. Looking forward we see further tightness developing in commodity markets as demand/supply fundamentals move further out of balance during the latter half of the year. In addition we are eagerly awaiting the results of the numerous corporate transactions that are unfolding in the market.