GLOBAL MINING
INVESTMENTS LTD

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July 2004 NTA / Investment Update

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

As at 31 July 2004, 98.3% (30 June 97%) 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 31 July 2004 was 99.71 (30 June 97.62) cents per share and the NTA after tax was 99.07 (30 June 97.03) 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

Following on from the continued success in May and June the NAV of GMI increased further during the month of July. The continued appreciation in value leaves the NAV per share at 98.5 cents (after tax) which is only fractionally under the price at which the shares were issued. July was also a month of positive relative performance compared to the Benchmark which was especially pleasing given the relative underperformance in June.

Performance Table

	Starting Value	Value 30/4/05	Value 31/5/04	Value 30/6/04	Value 31/7/04	% Change 1 month	% Change Since Launch
GMI Assets US$m	57.1	50.7	53.1	52.7	53.8	+2.03%	-5.86%
HSBC US$	226.5	188.31	198.04	199.69	202.74	+1.53%	-10.49%
GMI Assets A$m	75.5	70.1	74.2	75.6	76.8	+1.49%	+1.66%
HSBC A$	297.01	261.3	276.9	286.7	289.5	+0.99%	-2.53%

(performance numbers are unaudited)

July and August are normally periods of limited activity in metal markets due to the Northern Hemisphere holiday season being in full swing. However in July further gains were seen in metal prices with the MG Base Metals Price index closing the period up 3% in Australian dollar terms. The star performer was lead which rallied 19.2% and copper up 8.2%. This helped lift share prices for some of GMI's holdings exposed to these metals e.g. copper producer Antofagasta up 6% in Australian dollar terms.

Earnings reports released to date have highlighted how profitable some of the mining companies are at current commodity prices. The release of Rio Tinto's first half results was an excellent example of this (Rio Tinto is 9.1% of the portfolio and was up 5.4% this month). The company reported record first half earnings of U$996m up some 55% on the same period last year. The market appeared to be caught off guard by the strong numbers given the difficult operational conditions Rio had to contend with in Western Australia. Looking forward David Humphreys, Chief economist at Rio Tinto, in his report on markets highlighted:

"Metal and mineral markets are tighter than for many years. In the event that the managers of the world's major economies succeed in shepherding their charges on to a lower growth trajectory in the manner intended, then there is sufficient momentum in demand to keep the balance of these markets tight through to the end of 2004 and into 2005."

We expect further earnings led performance from mining equities during August as other holdings in the portfolio release results.

During the month GMI benefited from the news that CVRD was no longer in the hunt for Noranda. The offer that CVRD made for the company was deemed to be lower than those of others and they subsequently withdrew from the contest. This caused a material rally in the shares of CVRD as hedge funds that had shorted the shares were forced to close out positions. During the month the share price rallied 12.8% clawing back most of the lost performance from June. Going forward it seems as though Noranda and its parent company Brascan will review the remaining offers with news to follow soon. We eagerly await this event given the sizeable holdings in both Falconbridge and Noranda in the portfolio.

Activities Report

During the period the holding in CVRD was increased following a seemingly unnecessary fall in the share price on the back of the news of its interest in Noranda. GMI took profits in Ballarat Goldfields and Bendigo Mining. Both holdings were purchased in recent fund raisings. GMI further increased its holding in Kimberley Diamonds on the expectation of additional exploration and operational success at the companies Ellendale operations. Cash as at the end of the period represented 1.7% of the portfolio.

Top Ten Holdings as at 31st July 2004 (% of gross assets including cash)

	% of GMI including cash	Country	Commodity
BHP Billiton Ltd	10.2%	Global	Diversified
CVRD	9.7%	Brazil	Diversified
Rio Tinto Ltd	9.1%	Global	Diversified
Impala Platinum	6.5%	South Africa	Platinum
Alumina Ltd	5.8%	Australia	Alumina
Xstrata Plc	5.3%	Global	Diversified
Buenaventura	4.8%	Peru	Gold
Alcan	4.0%	Canada	Aluminium
Alcoa	3.4%	USA	Aluminium
Anglo American Plc	3.1%	Global	Diversified
	61.9%		

Commodity Allocation as at 31st July 2004

	GMI	HSBC Global Mining Index
Aluminium	14.8%	13.1%
Copper	4.9%	5.7%
Nickel	4.6%	3.0%
Zinc	2.6%	0.3%
Gold	14.2%	18.1%
Platinum	6.5%	4.5%
Diamonds	2.7%	0.5%
Industrial Minerals	1.1%	1.5%
Diversified	46.5%	46.6%
Other	0.4%	6.7%
Cash	1.7%	-
	100%	100%

Outlook

During August we should continue to see companies reporting significant improvements in earnings and cash flow due to the year on year gains in metal prices. Looking forward we see further tightness developing in commodity markets as demand/supply fundamentals move further out of balance during the last stages of the year. In addition we are eagerly awaiting the results of the numerous corporate transactions that are unfolding in the market. These should have further positive implications for the portfolio.