

GLOBAL MINING

INVESTMENTS LTD

ACN 107 772 467 • Level 28, 80 Collins Street, Melbourne VIC 3000

August 2004 NTA and Monthly Investment Update

The Company was listed on the Australian Stock Exchange on 8 April 2004.

As at 31 August 2004, 99% (31 July 98.3%) 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 August 2004 was \$1.02 (31 July 99.71 cents per share) and the NTA after tax was \$1.01 (31 July 99.07 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. If all options had been exercised as at 31 August 2004, the diluted NTA would have been \$1.01 (before tax).

(NTA figures are unaudited)

Investment Manager Commentary

Market Summary

August was another positive month for the GMI portfolio with a rise of 2.6% for the month. We are very pleased to have added value to the portfolio since the launch on 8 April 2004 (A\$ performance from launch is +6.2% versus the HSBC Global Mining Index Benchmark return of +2.2%) and look forward to the challenge of further value adding going forward.

Performance Table

	Starting Value	Value 31/8/04	% Change 1 month	% Change 3 months	% Change Since Launch
GMI Assets US\$m	56.9	56.3	+3.2%	+5.9%	-1.1%
HSBC#US\$	226.5	211.34	+3.9%	+7.1%	-6.7%
GMI Assets A\$m	75.2	79.9	+2.6%	+7.3%	+6.2%
HSBC# A\$	293.76	300.2	+3.3%	+8.5%	+2.2%

*Note performance numbers are sourced from BONYE valuation report as at 31st August 2004 and start on the launch date of GMI 8th April 2004. Australian dollar FX rate used in Index conversion sourced from Bloomberg. Differences will occur versus the audited report due to management fees, dividends, interest and tax.
#HSBC Global Mining Index – benchmark against which the performance of the fund is measured

August was expected to be a quiet month for the mining sector due to the Northern Hemisphere Summer. We were pleased however to see a positive performance for the sector and we anticipate a much stronger finish to the year as supply deficits start to exert upside pressure on commodity prices. Following on from the bumper earnings numbers released by Rio Tinto in July, we have now had the bulk of company reports for the prior 6 and 12-month periods. With regard to the largest holdings in the portfolio the results of note came from CVRD, Xstrata, Anglo American and BHP Billiton.

CVRD (10.6% of portfolio) – record levels of cash flow and earnings were reported for the first half of 2004 with a return on equity of 31.8% in the second quarter of this year. This was driven by record operating margins, higher commodity prices (principally iron ore) and contributions from new projects. Company management also highlighted their continued optimism for additional record-breaking earnings in the remainder of the year.

BHP Billiton (9.9%) – announced an 82% increase in attributable profit driven by higher commodity prices, continuing merger benefits and volume growth. The company also announced a 27% increase in the final dividend and a capital management programme designed to return US\$2bn to shareholders. With regard to the future, the company highlighted the factors that “suggest that commodity prices could be sustained at higher levels than experienced in recent years” and this would obviously bode well for the mining sector.

Xstrata (5.4%) – announced almost fivefold increase in first half profits, and management forecast further increase in profitability for the second half of the year. The company also announced a 20% increase in the interim dividend and a new capital management program, which could see up to 10% of the shares on issue bought back.

Anglo American (3.2%) – announced a 52% increase in first half earnings driven by higher commodity prices, cost efficiency gains and volume growth in the base metals division. The company also increased its interim dividend by 27%. Management highlighted their view that “global economic conditions remain positive for commodities” and when combined with their project pipeline it “should underpin performance in the years ahead”.

We expect this pattern of higher earnings and higher returns to shareholders from increased dividends and share buy backs to be a feature of the mining sector for the remainder of 2004 and in 2005. This should bode well for investors in GMI.

Activities Report

During the month we added to holdings in Buenaventura (gold), Norddeutsche Affinerie (copper refining) and First Quantum (copper production). In addition, we took advantage of the recent hot IPO in Blina Diamonds, which was spun out of our holding in Kimberley Diamonds. Profits in Blina were taken during the month. Cash as at the end of the period represented 0.9% of the portfolio.

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

	% of GMI including cash	Country	Commodity
CVRD	10.6%	Brazil	Diversified
BHP Billiton	9.9%	Global	Diversified
Rio Tinto Ltd	8.3%	Global	Diversified
Impala Platinum	6.7%	South Africa	Platinum
Buenaventura	5.4%	Peru	Gold
Xstrata Plc	5.4%	Global	Diversified
Alumina Ltd	5.3%	Australia	Alumina
Alcan	4.2%	Canada	Aluminium
Alcoa	3.4%	USA	Aluminium
Anglo American Plc	3.2%	Global	Diversified
	62.4%		

Commodity Allocation as at 31st August 2004

	GMI	HSBC Global Mining Index
Aluminium	14.4%	13.4%
Copper	5.3%	5.8%
Nickel	2.9%	4.5%
Zinc	2.4%	0.3%
Gold	15.1%	18.6%
Platinum	6.6%	4.7%
Diamonds	2.6%	0.5%
Industrial Minerals	1.0%	1.5%
Diversified	47.4%	45.6%
Other	1.8%	5.1%
Cash	0.9%	-
	100%	100%

Outlook

As we enter the last stages of the Northern Hemisphere summer season we expect demand for commodities to pick up as per the normal seasonal pattern. With inventories already at low levels and supply growth restrained by a lack of value adding projects we expect prices to respond by moving higher. With record earnings for the last 6 months "in the bag" and forecasts for further record earnings in the second half we expect the positive share price momentum to be maintained for at least the balance of 2004.