

GLOBAL MINING

INVESTMENTS LTD

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

September 2004 NTA and Monthly Investment Update

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

As at 30 September 2004, 98% 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 September 2004 was \$1.09 (31 August \$1.02 per share) and the NTA after allowing for tax on unrealised gains was \$1.05 (31 August \$1.01 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 30 September 2004, the diluted NTA would have been \$1.04 (before tax).

(NTA figures are unaudited)

Investment Manager Commentary

Market Summary

September was yet another strong month for the mining sector building on the last five consecutive months of price appreciation for mining equities. During the month the portfolio increased by 9.5% in US dollar terms and 6.4% in Australian dollar terms. Since launch the value of the portfolio has risen by 13.1% versus 8.8% return in the Benchmark, the HSBC Global Mining Index (A\$). This move was driven by rejuvenated enthusiasm for commodity exposure and the usual seasonal up-tick in demand for base metals.

Performance Table

	Starting Value	Value 30/9/04	% Change 1 month	% Change 3 months	% Change Since Launch
GMI Assets US\$m	56.9	61.6	+9.5%	+16.1%	+8.3%
HSBC US\$	226.5	231.38	+9.5%	+15.9%	+3.3%
GMI Assets A\$m	75.2	85.05	+6.4%	+11.7%	+13.1%
HSBC A\$	297.01	319.5	+6.4%	+11.4%	+8.8%

*Note performance numbers are sourced from BONYE valuation report as at 30th September 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.

As discussed in the August investment update we forecast a strong finish to the year commencing after the respite of the seasonal summer lows. We are happy to report that September delivered. The bumper earnings released by the major companies in July and August seems to have reignited investors desire for exposure to commodities and mining equities. Metal prices, as measured by the MG Base Metal Price Index increased 7.1% in Australian dollar terms over the month whilst mining shares, per the HSBC Global Mining Index were up 6.4% in Australian dollar terms.

During the month Noranda announced that they are in exclusive negotiations with China Minmetals concerning a preliminary proposal from Minmetals to acquire 100% of Noranda. This situation has been reached following a comprehensive review of several proposals from various parties during the last few months. Noranda also stated that the Minmetals proposal reflects a small premium to the recent trading level of the company's shares. We believe this move by China is designed to try and alleviate security of supply issues with regards to some

base metals. Should this move become a trend then it could result in an upwards shift in price assumptions used to value mining companies or projects.

Eramet, a French nickel producer, released stunning results for the first half of the year. Profit surged almost 13-fold driven by higher metal prices and success in reducing costs in the company's alloy businesses. Since investing in the company in May this year the Fund has enjoyed a 59% return in Australian dollar terms.

During the month we completed an intensive period of on site research with trips to China, Laos, Russia, Zambia, Democratic Republic of Congo, Botswana, Uzbekistan and Kyrgyzstan.

Activities Report

Trading during the month was limited to only a handful of transactions. Profits were taken in Falconbridge and Placer Dome. In addition a holding in Palabora, the only public copper producer in South Africa, was initiated. We expect that some of the production difficulties this company has had in transferring from open pit to block cave mining are coming to an end and they can therefore benefit from the higher copper price.

Top Twenty Holdings as at 30th September 2004 (% of gross assets including cash)

	% of GMI including cash	Country	Commodity
CVRD	11.5%	Brazil	Diversified
BHP Billiton	10.1%	Global	Diversified
Rio Tinto Ltd	8.3%	Global	Diversified
Impala Platinium	5.9%	South Africa	Platinum
Xstrata Plc	5.6%	Global	Diversified
Buenaventura	5.2%	Peru	Gold
Alumina Ltd	5.1%	Australia	Alumina
Alcan	4.3%	Canada	Aluminium
Alcoa	3.3%	USA	Aluminium
Anglo American Plc	3.1%	Global	Diversified
Vedanta Resources	2.9%	Asia	Diversified
WMC Resources	2.5%	Australia	Diversified
Noranda Inc	2.3%	Canada	Diversified
Falconbridge Limited	1.9%	Canada	Nickel
Newcrest Mining	1.8%	Australia	Gold
Jianxi Copper	1.7%	China	Copper
Antofagasta	1.7%	Latin America	Copper
Peter Hambro Mining	1.6%	Russia	Gold
Teck Cominco Ltd	1.4%	Canada	Diversified
Gold Fields Limited	<u>1.3%</u>	South Africa	Gold
	81.2%		

Commodity Allocation as at 30th September 2004

	GMI	HSBC Global Mining Index
Aluminium	14.3%	13.0%
Copper	5.8%	5.9%
Nickel	4.8%	3.1%
Zinc	2.4%	0.3%
Gold	13.2%	18.2%
Platinum	5.9%	4.2%
Diamonds	2.1%	0.5%
Industrial Minerals	0.6%	1.4%
Diversified	48.5%	46.6%
Other	0.8%	6.8%
Cash	<u>1.7%</u>	-
	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.