

GLOBAL MINING

INVESTMENTS LTD

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

October 2004 NTA and Monthly Investment Update

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

As at 31 October 2004, 98.7% 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 October 2004 was \$1.06 (30 September \$1.09 per share) and the NTA after allowing for tax on unrealised gains was \$1.03 (31 August \$1.05 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 October 2004, the diluted NTA would have been \$1.03 (before tax).

(NTA figures are unaudited)

Investment Manager Commentary

Market Summary

After the strong performance of the last few months performance in October was driven more by corporate activity than rising metal prices. Metal price volatility was extreme with record one day falls set during LME week. The HSBC Global Mining Index closed for the period down 5% in Australian dollars (down 1.8% in US dollars). The fall in value was exaggerated by the strength in the Australian dollar which rallied 2.8% versus the US dollar during the month. Despite the overall negative return for the month we are very pleased to report the strong performance of the GMI portfolio. During October the portfolio was 2.5% ahead of the Benchmark but disappointingly the overall return was -2.5% in Australian dollar terms (but up 0.8% in US dollar terms).

Performance Table

	Starting Value	Value 31/10/04	% Change 1 month	% Change 3 months	% Change 6 months	% Change Since Launch
GMI Assets US\$m	56.9	62.1	+0.8%	+13.8%	+22.4%	+9.1%
HSBC US\$	226.5	227.23	-1.8%	+11.7%	+20.7%	+1.4%
GMI Assets A\$m	75.2	83.1	-2.5%	+6.9%	+17.8%	+10.3%
HSBC A\$	293.8	303.6	-5.0%	+4.9%	+16.2%	+3.4%

*Note performance numbers are sourced from BONYE valuation report as at 31st October 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.

October was a remarkable month for metal prices this year due to the record breaking one day volatility during LME week. Metal prices, having rallied strongly during the last two weeks of September and into October, experienced massive one day falls in mid October. The sell-off seems to have been triggered by the combination of lower than normal volatility and a sudden rush to close positions by a large hedge fund. The combination of the two caused prices to fall which in turn breached stop loss sell levels, causing further selling. The end result was a massive 16.8% fall in the price of nickel, 9.8% fall in the price of copper, 7.2% fall in the price of zinc and a 6.2% fall in the price of aluminium (all moves in US dollars). These falls have since proved to be short lived and prices although not back to the highs or earlier in October have recouped most of the losses.

Mining company share prices behaved in a similar pattern as the metal prices. New highs were reached in CVRD (10.8% of the Fund) and BHP Billiton (10% of the Fund), GMI's two largest holdings, but these were partly given back when metal prices fell.

October saw the start of what we believe will be a period of significant corporate activity. The lack of new projects to be developed means that mining company management is faced with the task of returning surplus cash to shareholders by paying larger and larger dividends, buying back shares or buying each other. This month we have had three deals announced which have all benefited the portfolio to varying degrees. The first was the Lion Ore bid for MPI Ltd. GMI holds 1.7% in MPI and this deal has been very positive for the portfolio with the fund up 44% on the purchase cost of its holding. The second deal was the announcement of the bid for Gold Fields by Harmony Gold Mines. GMI has a similar size holding in both companies and thus the benefit was small. The last deal to be announced was the cash offer for WMC Resources by Xstrata Plc. GMI has a significant holding in WMC as well as Xstrata and the subsequent share price moves in both companies were very beneficial for the portfolio.

Activities Report

During the period two new holdings were initiated in Canadian Oil Sands Trust and Anglo Pacific Group. In addition small adjustments were made to positions that were subject to corporate activity.

Top Twenty Holdings as at 31st October 2004 (% of gross assets including cash)

	% of GMI including cash	Country	Commodity
CVRD	10.8%	Brazil	Diversified
BHP Billiton	10.0%	Global	Diversified
Rio Tinto Ltd	8.1%	Global	Diversified
Impala Platinum	5.8%	South Africa	Platinum
Buenaventura	5.4%	Peru	Gold
Xstrata Plc	5.2%	Global	Diversified
Alumina Ltd	5.1%	Australia	Alumina
Alcan	4.1%	Canada	Aluminium
WMC Resources	3.3%	Australia	Diversified
Alcoa	3.1%	USA	Aluminium
Vedanta Resources	2.9%	Asia	Diversified
Anglo American	2.8%	Global	Diversified
Newcrest Mining	2.0%	Australia	Gold
Peter Hambro Mining	1.9%	Russia	Gold
Noranda Inc	1.9%	Canada	Diversified
Falconbridge Limited	1.8%	Canada	Nickel
MPI Mines Ltd	1.8%	Australia	Nickel
Teck Cominco Ltd	1.5%	Canada	Diversified
Jianxi Copper	1.5%	China	Copper
Antofagasta	1.5%	Latin America	Copper
	<u>80.6%</u>		

Commodity Allocation as at 31st October 2004

	GMI	HSBC Global Mining Index
Aluminium	12.5%	12.9%
Copper	7.5%	5.8%
Nickel	5.2%	3.0%
Zinc	2.2%	0.3%
Gold	13.6%	19.1%
Platinum	5.9%	4.1%
Diamonds	2.1%	0.5%
Industrial Minerals	1.4%	1.4%
Diversified	47.3%	46.3%
Other	0.9%	6.6%
Cash	<u>1.4%</u>	=
	100%	100%

Outlook

Fundamentals for the sector remain very robust with tightness evident in most commodities. Metal prices, despite the higher than normal volatility, remain at very attractive levels and with the deficits looming for the remainder of this year and well into next we foresee continued price strength. The recent spate of corporate activity should highlight the value available to investors and the benefit to being exposed to the global resources sector.