

GLOBAL MINING

INVESTMENTS LTD

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

December 2004 NTA and Monthly Investment Update

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

As at 31 December 2004, 99.6% of the portfolio was 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 December 2004 was \$1.14 (30 November \$1.13 per share) and the NTA after allowing for tax on unrealised gains was \$1.09 (30 November \$1.08 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 December 2004, the diluted NTA before tax would have been \$1.07 and \$1.04 after allowing for tax on unrealised gains.

(NTA figures are unaudited)

Investment Manager Commentary

Market Summary

The portfolio of GMI finished the month with a slight increase in Australian dollar terms versus a 2.3% fall in the HSBC Global Mining Index for December. Over the last 6 months the portfolio of GMI Ltd is now up 17.3% versus a 10% rise for the Benchmark HSBC Global Mining Index. During the period the MG Metal Price Index was up 1.2% in Australian dollar terms.

Performance Table

| | Starting Value | Value 31/12/04 | % Change 1 month | % Change 3 months | % Change 6 months | % Change Since Launch |
|------------------|----------------|----------------|------------------|-------------------|-------------------|-----------------------|
| GMI Assets US\$m | 56.9 | 69.7 | 0.9% | 13.2% | 31.4% | 22.5% |
| HSBC US\$ | 226.5 | 245.97 | -1.4% | 6.3% | 23.2% | 9.8% |
| GMI Assets A\$m | 75.2 | 89.5 | 0.1% | 5.1% | 17.3% | 18.8% |
| HSBC A\$ | 293.8 | 315.3 | -2.3% | -1.3% | 10.0% | 7.3% |

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

Metal prices had a mixed month with some of the laggards of the year playing catch up. Zinc and nickel were the winners up 8% and 5.5% respectively in Australian dollar terms. Gold had a disappointing month falling 3.4%. During the month the price of coking coal was settled at US\$125/t for 2005, an increase of 115% on the previous year. We are eagerly awaiting the settlement of iron ore prices for 2005 which now look likely to surpass the record price increases for 2004. During the month the largest holding in the portfolio, CVRD, was up 15.7% in Australian dollar terms ahead of the iron ore settlement being announced.

The ongoing corporate battle between Goldfields and Harmony continued to rage during the month. The vote to merge Gold Fields international assets with IAM Gold was defeated by some last minute vote changing, much to the irritation of most independent Gold Fields shareholders (ourselves included). The state of the deal now hangs in limbo despite various reports of discussions taking place between Gold Fields, Harmony and Norilsk to try and reach a compromise. We hope that some form of compromise will win the day, as so far it seems to have been an expensive battle with no real winner.

Iluka Resources announced further exploration success at their Jacinth project in Australia. The project now looks very substantial relative to the size of Iluka and we believe there is material value to be unlocked by the further delineation of it during the coming year. During the month we increased the GMI holding in Iluka leaving it at 1.1% at month end. Iluka rose over 7% during the month.

The IPO of Leviathan Resources went very well. GMI was already a holder of MPI Mines and received shares in Leviathan as part of a distribution as well as acquiring shares in the IPO placement. The shares are now up 31% since the IPO and we took profits for GMI during the month.

The largest shareholder in Aber Diamonds, Tiffany Inc, sold their shares in the company as part of a complicated unwinding of the long-term diamond purchase agreement they have with the company. This sell down took place at an attractive price and we took advantage of this to increase the Aber holding in GMI. Aber now represents 1.5% of the portfolio.

Activities Report

During the month a number of transactions were conducted in order to finance some new holdings and to take profits in a number of some of the most successful investments made since the start of the company. Profits were taken in Eramet, Leviathan Resources, Anglo Pacific Group and CVRD. Funds raised from these sales were reinvested into Aber Diamonds, Iluka, Teck Cominco, Zijin Mining and Zinifex. In addition GMI made its first unquoted investment. The investment is in Wits Gold, a new gold exploration company managed by Adam Fleming of Harmony fame. It is hoped that Wits Gold will complete the necessary steps that will allow it to list before the end of 2005. At the end of December Wits Gold made up 0.3% of the portfolio.

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

| | % of GMI including cash | Country | Commodity |
|---------------------------|--------------------------------|----------------|------------------|
| CVRD | 12.2% | Brazil | Diversified |
| BHP Billiton | 10.3% | Global | Diversified |
| Rio Tinto Ltd | 8.1% | Global | Diversified |
| Impala Platinum | 5.5% | South Africa | Platinum |
| Xstrata Plc | 5.3% | Global | Diversified |
| Alumina Ltd | 5.1% | Australia | Alumina |
| Buenaventura | 4.4% | Peru | Gold |
| Alcan Inc | 3.8% | Canada | Aluminium |
| WMC Resources | 3.2% | Australia | Diversified |
| Vedanta Resources | 3.0% | India | Diversified |
| Anglo American | 2.7% | Global | Diversified |
| Alcoa | 2.7% | Nth America | Aluminium |
| Teck Cominco Ltd | 2.2% | Nth America | Diversified |
| Newcrest Mining Ltd | 1.9% | Australia | Gold |
| Zinifex Ltd | 1.7% | Australia | Zinc |
| Peter Hambro Mining Plc | 1.7% | Russia | Gold |
| Falconbridge Ltd | 1.7% | Nth America | Nickel |
| Antofagasta Plc | 1.5% | Latin America | Copper |
| Aber Diamond Corp | 1.5% | Nth America | Diamonds |
| Jianxi Copper Company Ltd | <u>1.4%</u> | China | Copper |
| | 79.90% | | |

Commodity Allocation as at 31st December 2004

| | GMI | HSBC Global Mining Index |
|---------------------|-------------|---------------------------------|
| Aluminium | 11.8% | 12.3% |
| Copper | 7.6% | 6.0% |
| Nickel | 4.3% | 2.9% |
| Zinc | 2.2% | 0.4% |
| Gold | 13.0% | 17.5% |
| Platinum | 5.5% | 3.7% |
| Diamonds | 2.9% | 0.5% |
| Industrial Minerals | 2.0% | 1.5% |
| Diversified | 49.0% | 47.8% |
| Other | 1.3% | 7.4% |
| Cash | <u>0.4%</u> | <u>- %</u> |
| | 100% | 100% |

Outlook

Fundamentals for the sector remain very robust with tightness evident in most commodities. Metal prices remain at very attractive levels and with the deficits looming yet again in 2005 we foresee continued price strength. Bulk commodities look set for another record year in 2005 and the early settlement of coking coal bodes well for iron ore, which is one of the largest exposures in the portfolio. The recent spate of corporate activity should highlight the value available to investors and the benefit to being exposed to the global resources sector.