

GLOBAL MINING

INVESTMENTS LIMITED

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May 2005 NTA and Monthly Investment Update

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

The NTA before tax as at 31 May 2005 was \$1.13 (30 April \$1.10 per share) and the NTA after allowing for tax on unrealised gains was \$1.09 (30 April \$1.07 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 May 2005, the diluted NTA before tax would have been \$1.06, and \$1.04 after allowing for tax on unrealised gains.

(NTA figures are unaudited)

Investment Manager Commentary

Summary

May was a month of two halves as the sector fell during the first two weeks and then rallied strongly during the remainder of the month. During May the portfolio gained 3.1% in Australian Dollar terms, compared to a 4.0% increase in the HSBC Global Mining Index

The recent weakness in the Australian dollar versus the US dollar is clearly visible in the US dollar return of GMI versus the Australian dollar return.

Performance Table

	Starting Value	Value 31/5/05	Change 1mth %	Change 3mths %	Change 6mths %	Change 1Yr %	% Change Since Launch
GMI Assets US\$m	56.9	68.1	0.1%	-12.4%	-1.4%	28.2%	19.7%
HSBC US\$	226.5	238.9	0.9%	-13.4%	-4.2%	20.6%	6.6%
GMI Assets A\$m	75.2	89.8	3.1%	-8.9%	0.9%	20.5%	19.3%
HSBC A\$	297.7	315.2	4.0%	-9.2%	-1.9%	13.9%	5.9%

*Note performance numbers are sourced from MLIM Australia valuation report as at 31 May 2005. They reflect the performance of the funds made available to MLIM, the investment manager 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, other expenses, dividends, interest and tax

Gearing

As set out in the prospectus, GMI is permitted to borrow up to 20% of the value of the portfolio. To facilitate this, GMI has entered into a gearing facility with the Bank of New York.

During the month it was decided to initiate use of the gearing facility as it was felt that share prices had become oversold relative to fundamentals in metal markets. The timing of this move has proven to be successful and at the end of the month GMI was 0.8% geared, having drawn down its facility to the extent of US\$561,000. We are looking to make further use of the gearing facility should share prices continue to offer good value.

Metal Prices

Metal prices were mixed during the month with weakness in the first half and then a strong rally for the last two weeks. For the month metal prices as a whole were flat, with nickel the

exception. Nickel prices rallied 4% in Australian dollar terms as shipment delays out of New Caledonia and falling inventories on the London Metals Exchange squeezed the market.

Foreign Exchange

The most significant market event during the month was the weakness in the South African Rand versus the US dollar. During the period the Rand declined by 11.9% causing a rally in the mining companies most effected by this move. GMI has 9% of the portfolio invested in South African companies and another 10% indirectly exposed to assets in that country. The leading performer was Harmony which rallied 19% (in Australian Dollar terms) followed by Gold Fields which was up 13%. Other beneficiaries were Anglo American up 11% and Xstrata up 7.5%. The most notable straggler was Impala, which was up only 4.8%. We expect further weakness in the Rand during the remainder of 2005 and as a result GMI has increased its overall exposure to companies with assets in South Africa (see portfolio movements below).

Industry Activity

Two major transactions were announced during the month, the marketed sale of two large blocks of shares in Southern Peru Copper and the IPO of Shenhua Energy. Both of these deals are scheduled to close in June and their success will provide a good barometer of market sentiment towards the sector. We held meetings with both companies during the month and feel very comfortable with both transactions. The decision whether or not to invest will be made nearer to the closing of the deals.

BHP Billiton appears set to win control of WMR in the absence of a competing bid from another player. We believe this deal will be very positive for BHP Billtion and await further news on plans for cost cutting and integration once the deal is completed. In South Africa the long running battle between Harmony and Gold Fields came to an end with Harmony losing out. Harmony has been left with circa 11% holding in Gold Fields and Norilsk has kept its holding at circa 20%. We await further news on what both companies plan to do with their respective holdings.

Portfolio Movements

During the first half of the month trading was limited. In the second half we took the decision to take on some gearing due to the fall in equity values. Holdings in Harmony, Anglo American, Aquarius Platinum, African Rainbow Minerals, Straits Resources and Teck Cominco were added to. Disposals were limited to a reduction in the diamond weighting in the portfolio.

Top Twenty Holdings as at 31st May 2005 (% of gross assets including cash)

Description	% of GMI including cash	Country	Commodity
CVRD	9.4	Brazil	Diversified
BHP Limited	9.3	Global	Diversified
Rio Tinto Limited	8.5	Global	Diversified
Impala Platinum Holdings Limited	5.6	South Africa	Platinum
Xstrata Plc	5.3	Global	Diversified
Alumina Limited	4.8	Australia	Alumina
Anglo American Inc	4.6	Global	Diversified
Minas Buenaventura	4.2	Peru	Gold
Alcoa Inc	3.2	Nth America	Aluminium
Teck Cominco Limited	2.9	Nth America	Diversified
Falconbridge Limited	2.8	Nth America	Nickel
Vedanta Resources Plc	2.8	India	Diversified
Alcan Inc	2.7	Canada	Aluminium
Iluka Resources Limited	2.4	Australia	Industrial Minerals
Zinifex Limited	2.1	Australia	Zinc
First Quantum Minerals Limited	2.1	Africa	Copper
Antofagasta Plc	1.6	Latin America	Copper
Peter Hambro Mining Plc	1.5	Russia	Gold
Aber Diamond Corp	1.5	Nth America	Diamonds
Newcrest Mining Limited	<u>1.5</u>	Australia	Gold
	78.8		

Commodity Allocation as at 31st May 2005

	GMI	HSBC Global Mining Index
Diversified	44.0%	49.2%
Gold	15.2%	15.5%
Aluminium	11.6%	9.6%
Copper	9.3%	7.4%
Platinum	6.1%	3.8%
Nickel	6.5%	3.1%
Industrial Minerals	3.5%	1.4%
Zinc	2.4%	0.7%
Diamonds	1.4%	0.4%
Other	0.8%	8.9%
Cash	<u>-0.8%</u>	-
	100.0%	100.0%

Outlook

We remain optimistic that 2005 will be another year of strong performance for the mining companies. Base metal prices continue to trade well ahead of consensus forecasts and when combined with high prices for the bulk commodities this should provide for further earnings upgrades as the year matures. In addition there is the possibility that the negative earnings impact caused by currency movements in 2004 could be reversed and this would further improve 2005 earnings. In the meantime we expect merger and acquisition activity and share buybacks/capital returns to pick up further as companies look to deploy excess cash.