

GLOBAL MINING

INVESTMENTS LIMITED

Level 28, 80 Collins Street, Melbourne VIC 3000
Tel 03 9235 1700 • Fax 03 9235 1850 • www.globalmining.com.au
ACN 107 772 467

September 2005 NTA and Monthly Investment Update

The NTA before tax as at 30 September 2005 was \$1.51 (31 August \$1.35 per share) and the NTA after allowing for tax on unrealised gains was \$1.36 (31 August \$1.24 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 2005, the diluted NTA before tax would have been \$1.26, and \$1.18 after allowing for tax on unrealised gains.

(NTA figures are unaudited)

Investment Manager's Report

Summary

September was another strong month for the mining sector resulting in 5 consecutive months of positive gains. The 11.8% gain during the month meant that the GMI portfolio closed at a new record high of \$120.2million (before tax) up almost 60% from launch, and well ahead of the HSBC Global Mining Index which is up 38.8% since inception in April 2004.

The key drivers this month for the sector were a series of commodity price upgrades from the leading analysts covering the sector. Forecasts for Copper, Iron Ore, Gold and others were materially upgraded which lead to significant positive earnings revisions. The effect of this was to boost the value of mining shares and further reinforce the positive momentum that was already flowing into the sector.

In addition a higher than expected level of dividend payments flowed into the portfolio during the month. The combined impact of dividend income and cash realisations from disposal in the portfolio had the effect of reducing gearing to a net cash level by the end of the month. Looking forward we are planning to invest in a new IPO that is scheduled to occur in October. This will return the gearing to a net debt balance reflecting our view of further positive returns to come.

Performance Table

	Starting Value	Value 30/9/05	Change 1mth %	Change 3mths %	Change 6mths %	Change 1Yr %	% Change Since Launch
GMI Assets A\$m	75.2	120.2	11.8%	27.7%	25.9%	41.2%	59.8%
HSBC A\$	297.68	413.16	11.7%	26.1%	23.4%	29.3%	38.8%

*Note performance numbers are sourced from MLIM Australia valuation report as at 30 September 2005. They reflect the performance of the funds made available to MLIM, the Investment Manager on 6 April 2004. FX rates sourced from Datastream. Differences will occur versus the audited report due to management fees, other expenses, dividends, interest and tax.

Metal Prices

Metal prices were mixed during the month with Lead the best performer (up 5.1%) and Nickel the worst (down 10.8%). Zinc was notable for the strong run it had during the month. The combination of a strike at the Trail facility in Canada and the flooding in New Orleans, which restricted access to 50% of the LME Zinc inventories, had the effect of materially tightening an already tight market. The performance of Zinifex, up 18.4%, was a big plus for GMI.

The Copper equities reacted very well to the price of Copper achieving new highs during the month. At one stage copper broke through the US\$4,000/t level well ahead of most market analysts' expectations for the remainder of 2005. Southern Peru Copper rose 13.5% and Antofagasta rose 4% over the month.

The Gold sector rallied when the Gold price reached a new 17-year high of US\$472oz. This level, although well below the 1980 high of US\$850oz, marks new territory for Gold as it leaves behind the previous strong markets of the early 1990s and the very strong 1986/87 bull market. It appears that the move was the result of very strong demand from India and China and the early completion of the Central Bank bullion sales. We expect Gold to continue to perform well during the coming months and as such plan to add some of the more gold price sensitive equities to the portfolio following a trip to the Denver Gold Conference in early October.

Portfolio Movements

During September the mining sector continued to build on the rally that occurred in share prices during the previous 4 months. Prior to this rally we took the step to utilise the gearing facility albeit in a modest fashion.

During September the Company disposed of some or all of the following holdings: Nordeutsche Affinerie; Amerigo Resources; Antofagasta; Bolivar Gold; Straits Resources; and Lion Ore Mining. The only position that was added to was China Shenua Coal which we believe has excellent long term fundamentals as the premier coal producer in the fastest growing coal consuming nation in the world. At the end of the period the 3.5% gearing level had been reduced to a net cash balance of approximately 1%.

Top Twenty Holdings as at 30 September 2005 (% of gross assets including cash)

Description	% of GMI including cash	Country	Commodity
CVRD	10.6	Brazil	Diversified
BHP Limited	9.1	Global	Diversified
Rio Tinto Plc	8.3	Global	Diversified
Xstrata Plc	5.7	Global	Diversified
Impala Platinum Holdings Limited	5.3	South Africa	Platinum
Falconbridge Limited	4.8	Nth America	Nickel
Anglo American Inc	4.6	Global	Diversified
Minas Buenaventura	4.5	Peru	Gold
Alumina Limited	3.9	Australia	Alumina
Teck Cominco Limited	2.9	Nth America	Diversified
Vedanta Resources Plc	2.8	India	Diversified
Iluka Resources Limited	2.6	Australia	Industrial Minerals
Zinifex Limited	2.5	Australia	Zinc
First Quantum Minerals Limited	2.4	Africa	Copper
Alcan Inc	2.1	Canada	Aluminium
Newcrest Mining Limited	1.7	Australia	Gold
Peter Hambro Mining Plc	1.4	Russia	Gold
Aber Diamond Corp	1.4	Nth America	Diamonds
Gold Fields	1.4	South Africa	Gold
Zijin Mining Group	<u>1.4</u>	China	Gold
	79.4		

Commodity Allocation as at 30 September 2005

	Global Mining Investments %	HSBC Global Mining Index %
Diversified	51.2	50.5
Gold	15.0	16.2
Aluminium	8.9	7.5
Copper	6.7	7.6
Platinum	6.1	4.0
Industrial Minerals	3.2	1.4
Zinc	2.8	0.7
Coal	1.4	5.3
Diamonds	1.4	0.4
Silver	1.0	0.9
Uranium	0.6	1.8
Nickel	0.5	2.2
Other	0.2	1.5
Cash	<u>1.0</u>	<u>0.0</u>
	100.0	100.0

Outlook

The year to date has been one of exceptional profitability for the mining sector. We expect that commodity prices will continue to trade at levels well ahead of analyst expectations leading to further upgrades to earnings. Despite record breaking earnings and dividends, the sector continues to trade on lower than average market multiples making ongoing exposure to the sector very attractive.

Merrill Lynch Investment Managers Limited
6 October 2005