

GLOBAL MINING

INVESTMENTS LIMITED

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October 2005 NTA and Monthly Investment Update

The NTA before tax as at 31 October 2005 was \$1.43 (30 September 2005 \$1.51 per share) and the NTA after allowing for tax on unrealised gains was \$1.30 (30 September \$1.36 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 2005, the diluted NTA before tax would have been \$1.22, and \$1.15 after allowing for tax on unrealised gains.

(NTA figures are prepared in accordance with AIFRS and are unaudited)

Investment Manager's Report

Summary

After 5 consecutive months of strong gains, October was a volatile month for mining shares with the sector closing lower for the first time since April. The combination of annual October equity market jitters and the prospect of another year of post LME week metal price movements was enough to prompt investors to take profits after the excellent returns year to date. In the end the sector did see an October sell off but by the end of the month most of the falls had been reversed with the HSBC Global Mining index down 4.2% for month and GMI's portfolio down 4.5%. The principal reason for the underperformance was the large fall in CVRD, the largest holding in the portfolio at 11.8%. The shares moved lower for no apparent reason and have since recovered most of the fall. In addition Buenaventura was impacted by the news that gold production would be lower than expected in 2006.

Performance to 31 October 2005 in A\$

	Starting Value \$m	Value 31-Oct \$m	% Change 1 month	% Change 3 months	% Change 6 months	% Change 1 year	% Change since launch
GMI Assets \$A	75.2	114.8	(4.5%)	13.7%	31.8%	38.1%	52.6%
HSBC \$A	297.7	395.7	(4.2%)	12.5%	30.6%	30.1%	32.9%

*Note performance numbers are sourced from MLIM Australia valuation report as at 31 October 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 stronger during October which was in stark contrast to the performance of the mining equities. The MG Base Metal Index closed the month 6.1% higher with zinc the star of the month up 13.8%. The only metal to move substantially lower during the period was nickel down 10.2%. This appears to be due to the weakness in the stainless steel markets with producers of the metal running down inventory and cutting production in order to tighten up the market. We expect this process to be short lived and nickel prices to rebound strongly due to the absence of new supply during the coming years.

The biggest positive surprise this year has been copper. At the start of 2005 the consensus view was for the market to move back into balance and then into significant surplus by mid year. As mid year approached and copper prices moved to new highs the market once again forecast a sudden collapse due to the higher production. As things stand today we are within two months of the end of calendar 2005 and copper prices remain resilient above 180USc/lb, well above even the most optimistic analyst in the market. The reason for this is the production delays and disruptions that were not forecast and higher than expected demand, especially from China. GMI has benefited considerably from this strong copper price and the 5.9% increase last month was very encouraging to see.

The gold market has also come back to life. Gold shares are once again performing similar to the high beta gold investments of old, especially with gold trying to break out above US\$500oz. However during October the portfolio was impacted by the news that Venezuela was planning to change its mining laws and this could result in the loss of some mining licenses. GMI has a small holding in Bolivar Gold which was particularly badly hit by this news. However since the end of the month the Government has issued Bolivar with a new mining permit and this should mean that they are untouched by any changes going forward.

Portfolio Movements

Following the reduction in gearing during September, we used this capacity in October to bolster exposure to copper as share prices moved lower. This was achieved by adding a new holding to the portfolio, Kazakhmys. Other holdings added to during the month were CVRD, Harmony Gold and African Rainbow Minerals. During the month we disposed of holdings in FNX, Aluminum Corp of China, Falconbridge, and Lionore.

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

Description	% of GMI including cash	Country	Commodity
CVRD	11.8	Brazil	Diversified
BHP Limited	8.8	Global	Diversified
Rio Tinto Plc	8.2	Global	Diversified
Impala Platinum Holdings Limited	5.5	South Africa	Platinum
Xstrata Plc	5.3	Global	Diversified
Falconbridge Limited	5.3	Nth America	Nickel
Anglo American Inc	4.8	Global	Diversified
Minas Buenaventura	4.0	Peru	Gold
Alumina Limited	3.9	Australia	Alumina
Teck Cominco Limited	2.9	Nth America	Diversified
Vedanta Resources Plc	2.8	India	Diversified
Zinifex Limited	2.7	Australia	Zinc
Iluka Resources Limited	2.3	Australia	Industrial Minerals
First Quantum Minerals Limited	2.3	Africa	Copper
Alcan Inc	2.2	Canada	Aluminium
Newcrest Mining Limited	1.6	Australia	Gold
Zijin Mining Group	1.5	China	Gold
Peter Hambro Mining Plc	1.4	Russia	Gold
Alcoa	1.4	Nth America	Aluminium
Harmony Gold	1.3	Africa	Gold
	80.0		

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. As at 31 October 05 GMI was geared to the extent of AU\$2.3m (2%).

Outlook

The year so far has turned out to be one of exceptional profitability for the mining sector. We continue to expect commodity prices to average levels well ahead of analyst expectations leading to further upgrades to earnings. Despite the record breaking earnings and dividends the sector continues to trade on lower than average market multiples making the sector a very attractive place to be exposed.

Merrill Lynch Investment Managers Limited
3 November 2005