

# GLOBAL MINING

INVESTMENTS LIMITED

Level 20, 101 Collins Street, Melbourne VIC 3000  
Tel 03 8637 6050 • Fax 03 8637 6099 • www.globalmining.com.au  
ACN 107 772 467

10 October 2012

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited

## **Annual General Meeting and Proposed Restructure**

Attached are the following in relation to the Annual General Meeting (AGM) for Global Mining Investments Limited (GMI) which is to be held on Tuesday 13 November 2012:

- Notice of Meeting
- Proxy Form
- Explanatory Memorandum
- Product Disclosure Statement
- Additional Information Section to the Product Disclosure Statement

The Explanatory Memorandum, Product Disclosure Statement and Additional Information Section contain details of the proposed restructure of GMI which shareholders are being asked to vote on at the AGM.

Yours faithfully



Liesl Petterd  
Company Secretary

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## NOTICE OF ANNUAL GENERAL MEETING 2012

Notice is given that a meeting of Shareholders in Global Mining Investments Limited (**GMI**) will be held at Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria, 3002 on Tuesday, 13 November 2012 commencing at 10:00am.

### Business of Meeting

#### Financial and other reports

To consider GMI's directors' report, financial report and auditor's report for the year ended 30 June 2012.

**Note:** There is no vote on this item

#### Resolution 1 – Adoption of remuneration report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the remuneration report for the year ended 30 June 2012, as set out on page 17 of GMI's annual report for the year ended 30 June 2012, be adopted.”

**Note:** The vote on this resolution is advisory only and does not bind the directors or GMI.

#### Resolution 2 – Re-election of director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Ms Lynette Gearing, a director retiring from office in accordance with rule 6.1(f) of GMI's constitution and being eligible, standing for re-election, be re-elected as a director of GMI.”

#### Resolution 3 – Approval for Asset Sale

Subject to Resolutions 4 and 5 being approved, to consider, and if thought fit, pass the following resolution as an ordinary resolution of Shareholders:

“That for the purposes of ASX Listing Rule 11.2, and for all other purposes, Shareholders approve the sale of all of the assets of GMI to BAM as responsible entity of the GMI Trust pursuant to the Asset Sale Deed, as set out in the Explanatory Memorandum.”

#### Resolution 4 – Approval for Capital Reduction

Subject to Resolutions 3 and 5 being approved, to consider, and if thought fit, pass the following resolution as an ordinary resolution of Shareholders:

“That for the purposes of Section 256C(1) of the Corporations Act and for all other purposes, the issued share capital of GMI be reduced by GMI making a pro-rata in specie distribution of Units in GMI Trust, equal to the value of GMI's share capital account balance, to all holders of ordinary shares in GMI, on the terms and conditions set out in the Explanatory Memorandum.”

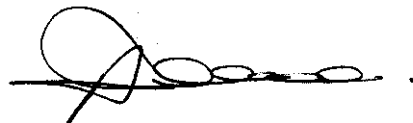
#### Resolution 5 – Approval of Restructure

Subject to Resolutions 3 and 4 being approved, to consider, and if thought fit, pass the following resolution as an ordinary resolution of Shareholders:

“That for all purposes, Shareholders approve the Restructure (including the delisting of GMI on the day following the Implementation Date) described in the Explanatory Memorandum, and any actions to be taken by GMI in respect of it”.

Unless otherwise defined in a resolution, capitalised terms in the resolution have the meaning given in the Explanatory Memorandum dated 10 October 2012 that accompanies this Notice of Meeting.

#### By Order of the Board of Directors



John Robinson  
Non-executive chairman  
Global Mining Investments Limited  
10 October 2012

## **NOTES**

### **Voting entitlement**

Each of the Shareholder Resolutions will be determined on a poll.

On a poll, each holder of an ordinary Share has one vote for every full paid ordinary Share held.

### **Resolutions**

Each of the ordinary resolutions in the Notice of Meeting will not be passed unless more than 50 per cent of the votes cast by Shareholders entitled to vote on the resolutions are in favour of the resolutions.

### **Voting**

In accordance with regulation 7.11.37 of the Corporations Regulations, the directors have determined that for the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a holder of Shares if the person is registered as a holder of those Shares on the GMI's register of members as at 10:00am (Melbourne time) on Sunday, 11 November 2012.

In the case of Shares held by joint holders, one of the joint holders may vote. If more than one joint holder is present and voting at the meeting, only the vote of the joint holder whose name appears first in the register will be counted.

### **Questions and comments by shareholders at the meeting:**

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders to ask questions about or make comments on the management of GMI (including in relation to the remuneration report for the year ended 30 June 2012) at the meeting.

Similarly, a reasonable opportunity will be given to shareholders to ask GMI's auditor, Ernst & Young, questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by GMI in relation to the preparation of its financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

Shareholders who are entitled to vote at the meeting may also submit a written question to Ernst & Young if the question is relevant to the content of the Ernst & Young audit report or the conduct of the audit of GMI's annual financial report for the year ended 30 June 2012.

Relevant written questions for Ernst & Young must be received no later than 5:00pm (Melbourne time) on Monday 5 November 2012. A list of those relevant questions will be made available to shareholders attending the meeting. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

Please send any written questions for Ernst & Young to GMI by:

- (a) post to Link Market Services Limited at the address on the enclosed reply paid envelope;
- (b) by facsimile to +61 3 8637 6099; or
- (c) hand delivery to the registered office of GMI at  
Level 20, 101 Collins Street, Melbourne, Victoria, 3000;

by no later than 5:00pm (Melbourne time) on Monday 5 November 2012.

## Voting exclusion

Resolution 1 – Adoption of Remuneration Report – GMI will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the key management personnel for GMI (details of whose remuneration are included in the remuneration report, including the chairman), or a closely related party of such a person, unless the votes are cast by that person as a proxy for a person entitled to vote, in accordance with the directions on the proxy form, or by the chairman of the meeting pursuant to an express authorisation to exercise the proxy. The chairman intends to vote all available proxies in favour of this resolution.

Resolution 3 – Approval for Asset Sale (ASX Listing Rule 11.2): GMI will disregard any votes cast on this resolution by or on behalf of any person who might obtain a benefit, except a benefit in the capacity of a holder of ordinary securities, if the resolution is passed. In this respect, GMI intends to disregard any votes cast by Lewis Bell or Bell Potter Securities Limited, or an associate of Lewis Bell or Bell Potter Securities Limited. However, GMI need not disregard a vote if the vote is cast in the following circumstances:

- by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by such a person when chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Admission to meetings

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of GMI. In accordance with the constitution of GMI, the chair of a meeting may require any person purporting to act as a proxy, attorney or representative to establish to the satisfaction of the chair that the person has been validly appointed and is the person named in the relevant instrument of appointment, failing which the person may be excluded from attending or voting at the meeting.

A proxy or attorney may not vote at a general meeting unless the instrument appointing the proxy or attorney, and the original or a certified copy of the power of attorney or other authority (if any) under the instrument is signed, are received by the Registry at least 48 hours before the meeting.

## Proxies

A Shareholder entitled to attend and vote at the meeting is entitled to appoint one proxy or, if the member is entitled to cast two or more votes at the meeting, two proxies (who need not be members of the Company) to attend and vote on behalf of and instead of the Shareholder.

If 2 proxies are appointed the appointment should be completed with the nominated proportion or number of votes each proxy may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. Fractions shall be disregarded.

Where a Shareholder is a body corporate, or where you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act; and
- (b) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

The form of proxy must be signed by the Shareholder or the Shareholder's attorney duly authorised in writing or if the Shareholder is a corporation by 2 directors or by a director and a company secretary, or if it is a proprietary company that has a sole director who is also the sole company secretary (or if there is no company secretary), by that director, or under hand of its duly authorised attorney or representative.

In the case of joint holders the proxy form may be signed by any one holder.

The chairman of the meeting intends to vote undirected proxies in favour of the resolutions in the notice of meeting.

A proxy form will be valid and accepted by GMI if it is signed and, along with any power of attorney or other authority under which it is signed (or copy of the power of attorney or authority certified as a true copy), is received by GMI's share registry, Link Market Services Limited at the addresses or fax number below by no later than 10:00am (Melbourne time) on Sunday, 11 November 2012, being 48 hours before the meeting.

**Postal Address:**

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

**Facsimile Number:**

(02) 9287 0309  
(for proxy forms)

**Street Address:**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

**On-Line:**

You may also lodge your vote on-line at GMI's share registry website [www.investorcentre.linkmarketservices.com.au](http://www.investorcentre.linkmarketservices.com.au) by no later than 10:00am (Melbourne time) on Sunday, 11 November 2012.

If you lodge your proxy electronically you will not need to return your proxy form by mail, hand delivery or fax.



**By mail:**  
Global Mining Investments Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to:** Telephone: 1300 721 265    Overseas: +61 2 8280 7197



**X99999999999**

### SHAREHOLDER VOTING FORM

I/We being a member(s) of Global Mining Investments Limited and entitled to attend and vote hereby appoint:

#### STEP 1

#### APPOINT A PROXY

**the Chairman of the Meeting (mark box)** OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **10:00am on Tuesday, 13 November 2012, at Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria** and at any adjournment or postponement of the meeting.

Direction to the Chairman (Resolution 1): Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we direct the Chairman of the Meeting to vote in accordance with his voting intentions on Resolution 1 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel.

**The Chairman of the Meeting intends to vote all available proxies in favour of all items of business.**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

#### STEP 2

#### VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 4</b> Approval for Capital Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-election of Lynette Gearing as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 5</b> Approval of Restructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Approval for Asset Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**Important for Resolution 1** - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default)

If you wish to give the Chairman specific voting directions on Resolution 1, you should mark the appropriate box opposite Resolution 1 (directing your proxy to vote 'for', 'against' or to 'abstain' from voting). If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), and you do not mark the box opposite Resolution 1, you are directing the Chairman of the Meeting to vote in favour of Resolution 1 (see Step 1 above).

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

#### STEP 3

#### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**GMI PRX201R**



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Sunday, 11 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Global Mining Investments Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**

# EXPLANATORY MEMORANDUM

## Annual General Meeting

This Explanatory Memorandum relates to the business to be considered at Global Mining Investments Limited's Annual General Meeting (**AGM**), to be held at the Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria, 3002 at 10:00am on Tuesday, 13 November 2012. In addition to the ordinary business that will be considered at the AGM, three items of special business will be considered relating to a proposed restructure of GMI (**Restructure**).

**This Explanatory Memorandum and the Notice of Meeting are accompanied by a Product Disclosure Statement (PDS) in relation to units in Global Mining Investments Trust ARSN 160 079 541 which Shareholders will receive if the Restructure is approved.**

These are important documents and require your immediate attention. You should read this document and the PDS in their entirety before deciding whether or not to vote in favour of the resolutions to be put at the AGM and, if necessary, consult with your legal, taxation or other professional adviser(s).

The Board **unanimously supports** the Restructure and recommends that Shareholders vote in favour of all of the Restructure Resolutions.

If after reading this Explanatory Memorandum and the PDS you have any questions about the Restructure, you may call GMI's Share Registry, Link Market Services on 1300 721 265 (if calling within Australia) or +612 8280 7197 (if calling from overseas) or email [globalmining@linkmarketservices.com.au](mailto:globalmining@linkmarketservices.com.au).

Global Mining Investments Ltd ACN 107 772 467





# IMPORTANT INFORMATION

## ABOUT THIS EXPLANATORY MEMORANDUM

This Explanatory Memorandum provides Shareholders with information about the business that will be considered at the AGM (including the three items of special business relating to the Restructure). The Restructure requires Shareholder approval and will be voted on at the AGM to be held at the Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria, 3002 at 10:00am on Tuesday, 13 November 2012.

This Explanatory Memorandum is being issued to Shareholders to assist them in determining whether or not to vote in favour of the Resolutions to be considered at the AGM (including the Restructure Resolutions).

This Explanatory Memorandum is accompanied by a PDS (including information incorporated by reference into the PDS) which provides Shareholders with information about the GMI Trust Units which they will receive if the restructure proceeds. The Explanatory Memorandum, Notice of Meeting and PDS have been prepared by Global Mining Investments Ltd ACN 107 772 467 (**GMI**).

Completion of the Restructure is conditional on the passing of each of the Restructure Resolutions.

## REGULATORY INFORMATION

This Explanatory Memorandum is dated Wednesday, 10 October 2012. Copies of this Explanatory Memorandum have been lodged with ASIC and ASX on that date. ASIC, ASX and their officers do not take any responsibility for the content of this Explanatory Memorandum nor the merits of the proposal to which this Explanatory Memorandum relates.

## DO NOT RELY ON FORWARD-LOOKING STATEMENTS

This Explanatory Memorandum contains forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Explanatory Memorandum, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of GMI.

GMI can not, and does not, give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Explanatory Memorandum will actually occur and Shareholders are cautioned not to place undue reliance on these forward-looking statements.

## STATEMENTS OF PAST PERFORMANCE

This Explanatory Memorandum includes information regarding the past performance of GMI. Shareholders should be aware that past performance should not be relied upon as being indicative of future performance of GMI or GMI Trust.

## NO REPRESENTATIONS OTHER THAN IN THIS EXPLANATORY MEMORANDUM

Only the information in this Explanatory Memorandum and the accompanying PDS should be relied upon. No person is authorised to provide any information or to make any representations in connection with the Restructure, GMI or GMI Trust, which is not contained in this Explanatory Memorandum or the PDS. Any information or representations not contained in this Explanatory Memorandum or the PDS may not be relied upon as having been authorised by GMI in connection with the Restructure. Except as required by law, and only to the extent that it is required by law, no member of GMI, nor any of their advisers, directors, officers or employees nor any other person, firm or corporation associated with the preparation and issue of this Explanatory Memorandum guarantees, warrants or underwrites the performance of the Shares or Units or the performance of GMI or GMI Trust generally.

## DEFINED WORDS AND FINANCIAL INFORMATION

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in section 8.

A reference to AUD, \$, A\$, dollars or cents in this Explanatory Memorandum is a reference to Australian currency, unless otherwise indicated.

A reference to time in this Explanatory Memorandum is a reference to the time in Melbourne, Australia.

# CHAIRMAN'S LETTER

10 October 2012

Dear Shareholder,

In addition to the ordinary business that will be considered at GMI's Annual General Meeting (eg presentation of financial reports, adoption of the remuneration report and director re-election), three items of special business will be presented to Shareholders for approval. These resolutions relate to a proposed restructure of GMI.

On 10 May 2012, GMI announced its intention to propose a restructure to Shareholders in order to address GMI's share price discount to net tangible assets per share (**NTA per Share**). As outlined in the announcement, your Board has been considering for some time how to deal with GMI's ongoing share price discount to NTA per Share. A share price discount is common in the listed investment company sector, and in GMI's case has persisted despite long-term outperformance of GMI's investment portfolio relative to its benchmark and various initiatives taken over the last four years to attempt to close the discount gap. As a result of trading since the announcement, GMI's share price discount to NTA per Share has been substantially reduced. However, given the history of trading prior to the announcement, the Board considers that if the restructure does not proceed, there is a real risk that the discount may again widen in the future.

The options that the Board considered to reduce the discount are outlined in this Explanatory Memorandum. Having considered these options, the Board proposes a restructure which will result in a change in the way Shareholders hold their interest in the investments of GMI (**Restructure**).

The Restructure, if implemented, will result in each Shareholder's investment in GMI Shares being effectively replaced by an investment in an equivalent number of units in a newly established unlisted registered managed investment scheme (**GMI Trust**) which will hold GMI's investment portfolio. Once the Restructure occurs, Shareholders will have the opportunity to continue with their investment in global mining and metal stocks under the current London based natural resources team from BlackRock through their unitholding in GMI Trust, or to withdraw all or some of their units at a price that reflects the underlying net asset value of GMI Trust less transaction charges, at any time while GMI Trust is Liquid. Bell Asset Management Limited (**BAM**), the responsible entity of GMI Trust, has confirmed that based on its anticipated investment portfolio, GMI Trust is expected to remain Liquid.

Until 10 May 2012, when GMI made an announcement regarding the Restructure, Shareholders were only able to transact at a share price which had consistently been significantly lower than GMI's NTA per Share. However, under a managed investment scheme structure, investors are able to exit their investment at a price that reflects the underlying net asset value (less transaction charges) while the scheme is Liquid. It is primarily for this reason that a managed investment scheme structure is being implemented.

The Restructure is subject to the approval of Shareholders by ordinary resolution, (ie more than 50% of votes cast), at the AGM. If the Restructure Resolutions are approved each person who is registered as a Shareholder on the Record Date (expected to be 7:00pm on Friday, 23 November 2012) will participate in the Restructure.

GMI Shares will be placed in a trading halt prior to commencement of trading on the date of the AGM. If the Restructure Resolutions are passed, GMI Shares will be suspended from trading immediately following the AGM, and will remain suspended until the Restructure is implemented. On the day following implementation, GMI will be delisted. Accordingly, if the Restructure Resolutions are passed, Shareholders will not be able to trade their GMI Shares on-market from the date of the AGM.

As noted above, the responsible entity of GMI Trust is Bell Asset Management Limited (**BAM**), GMI's current manager. BAM has confirmed that, following the Restructure, BAM intends to operate GMI Trust as an open-ended managed investment scheme, with the natural resources team at BlackRock continuing as investment manager.

This Explanatory Memorandum provides you with the information known to GMI which is material to a decision on how to vote on the Restructure Resolutions. The accompanying Product Disclosure Statement (**PDS**) provides you with further information regarding the units in GMI Trust which you will receive if the Restructure proceeds. Please read this Explanatory Memorandum and the PDS in full before making any decision in relation to the Restructure Resolutions, and seek independent advice if required.

The Restructure Resolutions are set out as Resolutions 3, 4 and 5 of the Notice of Meeting which accompanies this Explanatory Memorandum.

Having considered the advantages, disadvantages and risks of the Restructure as set out in section 4 of this Explanatory Memorandum, the Directors unanimously agree that the Restructure is in the best interests of all Shareholders.

The Board unanimously recommends that you vote in favour of the Restructure Resolutions.

Yours faithfully



**John Robinson**  
Non-executive chairman

# INTRODUCTION

## 1.1 WHAT IS THIS DOCUMENT?

This document is an Explanatory Memorandum containing information relating to the business to be considered at the AGM, including a Restructure proposal. The Restructure will have the practical effect that Shareholders' investment in Shares in GMI will be replaced by an investment in an equivalent number of units in GMI Trust – a newly established unlisted registered managed investment scheme which will hold all of GMI's assets following the Restructure.

This Explanatory Memorandum is divided into two parts. Part A deals with the ordinary business of the AGM and Part B deals with the special business relating to the Restructure. The PDS that accompanies this Explanatory Memorandum provides Shareholders with information regarding the units in GMI Trust which will be issued to them under the Restructure.

## 1.2 ACTIONS REQUIRED BY SHAREHOLDERS

### (a) Step 1 – Read this Explanatory Memorandum and the accompanying PDS

Shareholders should read this Explanatory Memorandum and the accompanying PDS in full before voting on the Resolutions (including the Restructure Resolutions). If Shareholders have any questions regarding the Restructure, they should contact GMI's Share Registry, Link Market Services on 1300 721 265 (if calling within Australia) or +612 8280 7197 (if calling from overseas) or email [globalmining@linkmarketservices.com.au](mailto:globalmining@linkmarketservices.com.au).

### (b) Step 2 – Consider and consult

Shareholders should consider all advantages, disadvantages, risks and other information provided in this Explanatory Memorandum (and, in particular, in relation to the Restructure) in light of their own investment objectives and circumstances. Shareholders should seek independent advice if required.

### (c) Step 3 – Vote on the Resolutions

It is very important that Shareholders vote on the Resolutions (including the Restructure Resolutions) as set out in the Notice of Meeting for the AGM.

The AGM is to be held at the Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria, 3002 at 10:00am on Tuesday, 13 November 2012.

If Shareholders are unable to vote in person, they may vote by attorney, or by corporate representative, or by completing and returning the enclosed Proxy Form. Proxy Forms must be received by the Registry no later than 10:00am on Sunday, 11 November 2012. Enclosed is a reply paid envelope addressed to the Registry.

Proxies may also be lodged online by logging on to the share registry's website [www.investorcentre.linkmarketservices.com.au](http://www.investorcentre.linkmarketservices.com.au).

The Board **UNANIMOUSLY RECOMMENDS** that Shareholders **VOTE IN FAVOUR OF ALL OF THE RESOLUTIONS** (other than the resolution relating to the re-election of Ms Gearing, in respect of which Ms Gearing makes no recommendation).

If the Restructure Resolutions are passed, withdrawal forms will be made available on the websites of GMI ([www.globalmining.com.au](http://www.globalmining.com.au)) and Bell Asset Management Limited, the responsible entity of GMI Trust ([www.bellasset.com.au](http://www.bellasset.com.au)) on the business day after the AGM. Shareholders may also obtain a withdrawal form by calling GMI's Share Registry, Link Market Services on 1300 721 265 (if calling within Australia) or +612 8280 7197 (if calling from overseas). Shareholders who wish to exit or reduce their investment during the initial period following the Restructure (**Initial Withdrawal**) must complete and lodge a withdrawal form by 2:00pm on Tuesday, 27 November 2012. It is expected that proceeds for Initial Withdrawals will be paid on or around Monday, 17 December 2012. Further details regarding the Initial Withdrawal process are provided in section 3.5(f).

Following implementation of the Restructure, shareholders who continue to hold GMI Trust Units will be provided with a form enabling them to provide their tax file number to BAM (as responsible entity of GMI Trust) to prevent tax being withheld at a higher marginal tax rate (see section 7.12 for further details).

## 1.3 KEY DATES

Event	Indicative date and time
Date of this Explanatory Memorandum and the PDS	Wednesday, 10 October 2012
Deadline for return of Proxy Forms for the AGM	10:00am on Sunday, 11 November 2012
Shares placed in trading halt	Before market open on Tuesday, 13 November 2012
AGM	10:00am on Tuesday, 13 November 2012
Shares suspended (assuming Restructure Resolutions are approved)	Following conclusion of AGM
Record Date for the Restructure	7:00pm on Friday, 23 November 2012
Implementation Date for the Restructure	Tuesday, 27 November 2012
Deadline for return of Withdrawal forms for initial withdrawals	2:00pm on Tuesday, 27 November 2012
GMI delisted	Wednesday, 28 November 2012
Date as at which withdrawal price for Initial Withdrawals is determined	Tuesday, 11 December 2012
Withdrawal price for Initial Withdrawals announced	Friday, 14 December 2012
Withdrawal proceeds for Initial Withdrawals paid	Monday, 17 December 2012

NOTE: The above dates are indicative only and subject to change. GMI reserves the right to vary these dates without prior notice including, subject to law, to extend the deadline for lodgement of Proxy Forms, or delay the consideration of the Restructure Resolutions.

Implementation of the Restructure is subject to Shareholder approval.

# CONTENTS

## **PART A – ORDINARY BUSINESS**

<b>1</b>	Ordinary Business of AGM	<b>4</b>
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## **PART B – SPECIAL BUSINESS**

<b>2</b>	Background to Restructure	<b>5</b>
<b>3</b>	Details of Restructure	<b>6</b>
<b>4</b>	Advantages, Disadvantages and Risks of the Restructure	<b>11</b>
<b>5</b>	Recommendation	<b>17</b>
<b>6</b>	Tax Report	<b>18</b>
<b>7</b>	Additional Information	<b>26</b>
<b>8</b>	Glossary	<b>31</b>

## **CORPORATE DIRECTORY**

# PART A – ORDINARY BUSINESS OF AGM

## 1 ORDINARY BUSINESS OF AGM

### 1.1 PRESENTATION OF FINANCIAL REPORTS

There is no vote on this item of business. However, in accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about or make comments on the management of GMI (including in relation to the remuneration report for the year ended 30 June 2012).

Similarly, a reasonable opportunity will be given to shareholders to ask GMI's auditor, Ernst & Young, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by GMI in relation to the preparation of its financial statements and the independence of the auditor in relation to the conduct of the audit.

### 1.2 ADOPTION OF REMUNERATION REPORT

During this item of business, shareholders will have the opportunity to comment on and ask questions about the remuneration report on page 17 of GMI's annual report for the year ended 30 June 2012.

The Corporations Act requires that a resolution be put to the vote at the annual general meeting that the remuneration report be adopted. The Corporations Act expressly provides that the vote is advisory only and does not bind the directors or GMI.

### 1.3 RE-ELECTION OF DIRECTOR

Ms Lynette Gearing retires as a director of GMI pursuant to rule 6.1(f) of GMI's constitution (which requires one third of the directors, other than the managing director or any director who is required to retire under rule 6.1(e), to retire each year) and, being eligible, is seeking re-election as a director.

Lynette Gearing B. Comm; Cert Business Studies (Real Estate); Diploma Valuations (Real Estate) FAICD (Non Executive director) has been a member of the GMI board since 14 October 2010 and is chairperson of the audit committee.

Ms Gearing has business experience in superannuation, fund management, corporate finance and management consulting. She is currently a director of Queensland Investment Corporation, the Garvan Research Foundation and Commonwealth Superannuation Corporation.

The Board (other than Ms Gearing) unanimously recommends that shareholders vote in favour of the resolution to re-elect Ms Gearing.

# PART B – SPECIAL BUSINESS OF AGM

## 2 BACKGROUND TO RESTRUCTURE

### 2.1 REASON FOR RESTRUCTURE

Until GMI made a preliminary announcement regarding the Restructure on 10 May 2012, GMI's Share price had for a number of years traded materially below both GMI's pre tax net tangible assets per Share, and GMI's post tax net tangible assets per Share. The post tax net tangible assets per Share is the net tangible value of the assets held by GMI on a post tax basis (after taking into account both realised and unrealised gains and losses), divided by the number of Shares on issue (**NTA per Share**). Between 30 June 2011 and the announcement of the Restructure, the post tax discount had ranged between 15% and 24%.

This persistent discount to NTA per Share is not unique to GMI, and is an issue common to the majority of listed investment companies trading on the ASX. Although in GMI's case the discount has been substantially reduced since the announcement of the proposed Restructure on 10 May 2012, given the past history of trading prior to the announcement, the Board considers that if the Restructure does not proceed, there is a real risk that the discount may again widen in the future.

If GMI's Shares continue to trade below NTA per Share then the realisable value of a Shareholder's investment, at any point in time, will not reflect the underlying value of the assets held by GMI. The Restructure is being proposed in order to remedy this anomaly whilst still providing investors with the opportunity to continue with their investment in a diverse portfolio of global resource companies with BlackRock as the investment manager.

### 2.2 OTHER INITIATIVES TO REDUCE THE DISCOUNT TO NTA

Since April 2008, GMI has implemented various initiatives to reduce the gap between GMI's Share price and NTA per Share. Such initiatives have included:

- **Capital management** – GMI commenced an on-market buy back program in April 2008 and continued this until April 2012. Under the program, on-market buy backs occurred at times when Shares were trading at a significant discount to NTA per Share. A total of approximately 21.7 million Shares were bought back for total consideration of approximately \$21.8 million.
- **Attempts to increase buy-side demand** – GMI has taken a number of steps to increase demand for GMI Shares, including:
  - Weekly publication of NTA, and inclusion of top twenty investments in monthly NTA releases in order to increase transparency;
  - Commissioning of research by providers of independent research reports that is utilised by the financial planning sector;
  - Increased provision of information to potential and existing investors including publication of quarterly reports and participation in ASX investor and broker presentations;
  - An annual roadshow by investment manager BlackRock which included extensive media interviews, broker presentations and teleconferences;
  - Payment of fully franked dividends when possible.

Despite these initiatives, the Share price discount to NTA per Share has persisted, with the result that Shareholders have remained unable to realise a value for their Shares reflective of the value of GMI's underlying investment portfolio.

### 2.3 OPTIONS AVAILABLE TO GMI

In light of the Share price discount to NTA per Share, GMI considered several options before deciding that the Restructure was the best option for Shareholders. The options considered and rejected included:

#### (a) GMI to continue operating without any change to its structure

GMI could continue to operate without any change to its structure. The initiatives listed in section 2.2, together with potential similar initiatives, could be implemented with a view to reducing GMI's Share price discount to NTA per Share.

The benefit of this option is that GMI Shares would continue to be listed on the ASX, with the result that Shareholders would have ready access to a market in which to buy and sell GMI Shares.

However, the Directors consider that prior to the announcement of the Restructure the initiatives listed in section 2.2 were ineffective in reducing the Share price discount, and that similar initiatives undertaken in the future are also unlikely to be effective. If this is the case, then should the Restructure not proceed and the Shares continue to trade below NTA per Share, Shareholders will be unable to receive a value for their Shares which reflects the value of GMI's underlying asset portfolio.

#### (b) Equal access off-market share buyback

GMI could provide Shareholders with the opportunity to have their Shares bought back at net asset value (**NAV**) per Share (less transaction costs) by tendering their Shares in an off-market buyback. All Shareholders would be entitled to participate in the buyback however only those Shareholders who elected to have their Shares bought back would receive NAV per Share. As a result, the remaining Shareholders would hold an investment in a listed investment company of a smaller size and the Directors consider it likely that the discount to NTA per Share historically experienced by GMI would persist. In contrast, if the Restructure is implemented, Shareholders will hold an investment which can be withdrawn at a value which reflects the underlying NAV of the investment portfolio (less transaction charges), while GMI Trust is Liquid.

#### (c) Equal return of capital

GMI could propose a reduction of share capital where, if approved by Shareholders, part of the investment portfolio would be sold and the cash proceeds distributed pro rata to all Shareholders. This would result in Shareholders having a proportion of their capital returned. While all Shareholders would receive an equal proportion of their capital, the remaining vehicle would be smaller, and the Directors expect that the discount to NTA per Share would again widen. In addition, as the return of capital would be made on a pro-rata basis, individual Shareholders who wish to remain invested in a diverse portfolio of global resource companies would have their investment reduced. In contrast, if the Restructure is implemented, Shareholders will be able to choose to remain fully invested in a diverse portfolio of global resource companies.

**(d) Arrange to wind up GMI**

GMI could seek the approval of Shareholders to voluntarily wind up GMI which would result in GMI's investment portfolio being sold, and the proceeds distributed. While this would result in all Shareholders receiving an amount reflecting the underlying net asset value of their Shares (less transaction costs), it would also mean that all Shareholders would be forced to exit their investment at that time regardless of whether or not they wish to do so. In contrast, if the Restructure is implemented, Shareholders will be able to choose to retain their investment in whole or in part, and will be able to exit at a time of their choosing, while GMI Trust is Liquid.

**(e) Changing the investment characteristics of GMI**

GMI's investment approach could be modified with the aim of generating additional income in order to fund a particular target dividend yield. However, the ability to achieve a specific yield, the impact on GMI's Share price and the effect this would have on the discount to NTA per Share would all be highly uncertain. In the past, GMI has paid a dividend when it has been in a position to do so but this has not had any meaningful impact on the discount to NTA per Share. Accordingly, this approach would not provide the certainty offered by the Restructure.

## 2.4 RESTRUCTURE

The final option considered by GMI is the Restructure, the effect of which is that Shareholders will receive units in a newly established unlisted registered managed investment scheme which will own all of the assets and assume the existing and ongoing liabilities of GMI. The Restructure is the option that is being recommended by the Directors as it provides GMI Shareholders with the choice to either:

- (a) continue (either wholly or in part) with their investment in global mining and metal stocks under the management of the current London based Natural Resources team from BlackRock through holding units in GMI Trust; or
- (b) exit their investment in whole or in part, either through the Initial Withdrawal process or at a later time of their choosing, at a price that reflects the underlying net asset value (less transaction charges) of GMI Trust, once the Restructure is completed provided that GMI Trust is Liquid. GMI RE has confirmed that, based on its anticipated investment portfolio, GMI Trust is expected to remain Liquid (see section 3.5(e)).

GMI RE has confirmed that following the Restructure, GMI RE intends to market GMI Trust as an open-ended unit trust with new and existing investors able to apply for units in GMI Trust.

Those Shareholders who choose to continue to invest through GMI Trust rather than make an Initial Withdrawal will have the opportunity to add to their investment in GMI Trust by applying for additional Units, or reduce their investment by withdrawing some or all of their Units, at a future time of their choosing while GMI Trust is Liquid.

Details of the Restructure are outlined in section 3.

In recommending the Restructure, the Directors have taken into account the advantages, disadvantages and risks associated with the Restructure. The advantages associated with the Restructure are set out in further detail in section 4.1 and, in addition to the above, include that Shareholders will be able to quickly realise their investment, GMI's main service providers will continue as service providers to GMI Trust, GMI Trust will be taxed as a flow-through trust and there will be a decrease in the annual ongoing expenses of operating GMI Trust as compared to operating GMI.

The disadvantages and risks associated with the Restructure are outlined in section 4.2. These include that GMI Trust will not be listed and will not be subject to continuous disclosure requirements under the ASX Listing Rules, certain tax losses and franking credits currently available to GMI are unlikely to be fully utilised as a result of the Restructure, certain one-off costs will be incurred as a result of the Restructure, investors remaining invested in GMI Trust may be disadvantaged if a significant proportion of investors withdraw from GMI Trust and the Restructure will involve certain changes to the existing service provider arrangements for GMI.

Having considered the advantages, disadvantages and risks associated with the Restructure, the Directors of GMI consider that approving the Restructure is in the best interests of Shareholders. This is because, as set out above, the Restructure will give Shareholders greater flexibility in determining how to deal with their investment.

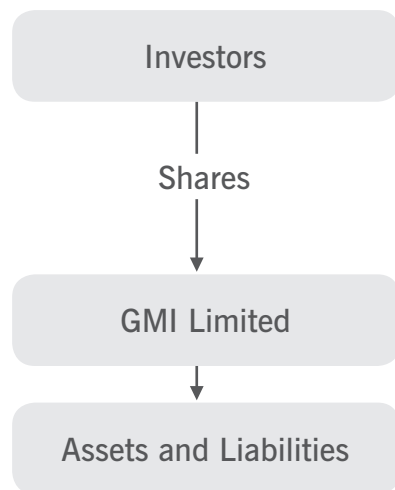
## 3 DETAILS OF RESTRUCTURE

### 3.1 BACKGROUND

The Restructure will result in a change in the form in which Shareholders hold their investment, as shown in the accompanying diagrams. Following the Restructure, rather than holding their investment through ASX quoted GMI Shares, Shareholders will hold units (**Units**) in a newly established unlisted registered managed investment scheme (**GMI Trust**) which will have acquired all of the assets and liabilities of GMI. Following the Restructure, Shareholders will be able to withdraw all or some of their Units, at a time of their choosing, at a price that reflects the underlying net asset value of the investment portfolio (less transaction charges), while GMI Trust is Liquid. These initial and ongoing withdrawal rights are described in sections 3.5(e) and 3.5(f).

### 3.2 CURRENT STRUCTURE

The current structure of GMI is:



### 3.3 STEPS TO IMPLEMENT THE PROPOSED RESTRUCTURE

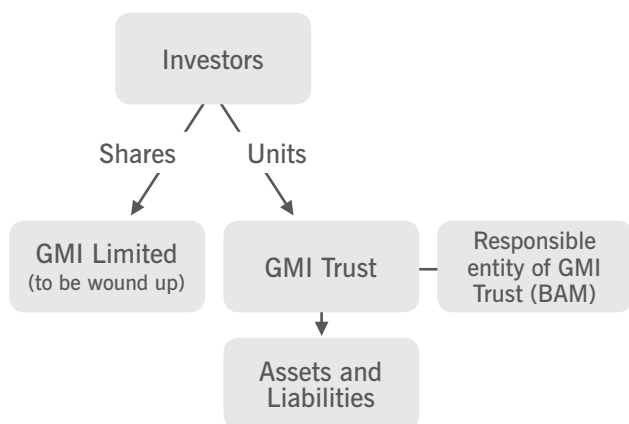
GMI proposes to implement the Restructure through the following key steps:

- 1 An unlisted managed investment scheme (**GMI Trust**) has been established, which is currently 100% owned by GMI.
- 2 GMI has elected to form a tax consolidated group with GMI Trust (**GMI Tax Consolidated Group**).
- 3 GMI has entered into an Asset Sale Deed, under which, if GMI Shareholder approval is obtained, GMI will transfer all of its assets to GMI Trust, in exchange for the issue of Units to GMI and GMI Trust assuming GMI's existing liabilities and indemnifying GMI for all future liabilities (**Asset Sale**).
- 4 GMI Shares will be placed into a trading halt prior to commencement of trading on the date of the AGM.
- 5 Shareholders will meet to vote on the Asset Sale and a capital reduction, under which GMI will make a capital return to Shareholders by way of a distribution of Units in GMI Trust received by GMI in exchange for the transfer of assets under the Asset Sale (**Capital Reduction**). An ordinary resolution (more than 50% of votes cast) is required for the Capital Reduction to proceed.
- 6 Under the Restructure, Shareholders will receive a number of Units equal to the number of Shares they hold in GMI as at the Record Date. The Units will be distributed by GMI to Shareholders through the Capital Reduction. To the extent that the value of the Units to be distributed by GMI to Shareholders exceeds GMI's share capital account balance (approximately \$211.1 million in total or approximately \$1.16 per Share), the excess Units will be distributed by way of a Special Dividend (**Special Dividend**). GMI may be able to fully frank any Special Dividend paid under the Restructure. No cash will be paid in connection with either the Capital Reduction or Special Dividend (if any). Shareholders should note that there will only be a Special Dividend if the net value of the assets and liabilities to be transferred by GMI to GMI Trust on Implementation exceeds GMI's share capital account balance (for example, due to an increase in the value of GMI's investment portfolio as a result of market movements). As at 26 September 2012, GMI has no ability to pay a special dividend.
- 7 If the Restructure Resolutions are passed, GMI Shares will be suspended from trading immediately following the AGM, and will remain suspended until the Restructure is implemented.
- 8 If the Restructure Resolutions are passed, withdrawal forms will be made available by GMI and GMI RE on the business day following the AGM. Shareholders who wish to withdraw some or all of the GMI Trust Units which they will receive under the Restructure during the initial period following Implementation of the Restructure must complete and lodge a withdrawal form by 2:00pm on Tuesday, 27 November 2012.
- 9 If the Restructure Resolutions are passed, then on the Implementation Date, which will be approximately two weeks after the AGM, the Asset Sale, Capital Reduction and payment of the Special Dividend (if any) will occur, with the result that 100% of the Units in GMI Trust will be distributed to Shareholders, GMI Trust will cease to be a member of the GMI Tax Consolidated Group, and each Shareholder will hold one Unit in GMI Trust for each GMI Share held as at the Record Date. On the day following the Implementation Date, GMI will be delisted from the ASX (**Delisting**). Shareholders will only receive Units under the Capital Reduction and Special Dividend (if any) if they are registered as Shareholders on the Record Date.
- 10 The withdrawal price for Initial Withdrawals will be determined as at Tuesday, 11 December 2012, and announced on or around Friday, 14 December 2012. Withdrawal proceeds are expected to be paid by cheque on or around Monday, 17 December 2012. This will allow Shareholders to receive a price for their Units that reflects the underlying net asset value of GMI Trust, less transaction charges.
- 11 Following completion of the Initial Withdrawal process, from 12 December 2012 Shareholders will be able to make a withdrawal request at any time, subject to the provisions of the Trust Constitution (see section 3.5(e) for details).
- 12 Because GMI will have no further assets or liabilities after the Implementation Date, following completion of the Restructure GMI intends to convene a further Shareholders' meeting at which Shareholders will vote to approve a voluntary winding up of GMI and the appointment of a liquidator to conduct the voluntary winding up. A special resolution (at least 75% approval) will be required to approve the voluntary winding up. Upon winding up, all Shares in GMI will be cancelled and GMI will cease to exist.



### 3.4 POST-IMPLEMENTATION STRUCTURE

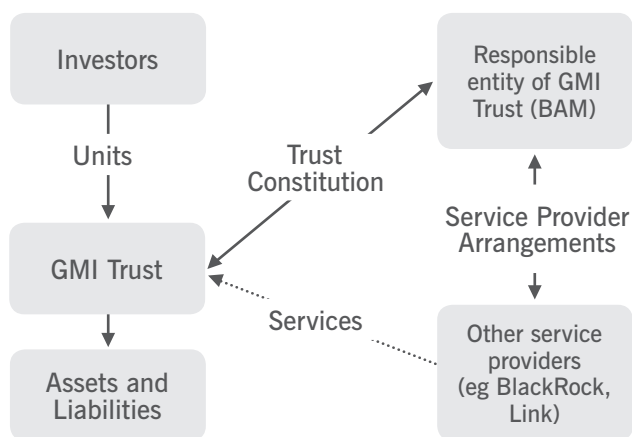
If the Restructure is approved by Shareholders, after Implementation the structure of GMI and GMI Trust will be:



### 3.5 GMI TRUST

#### (a) Service providers to GMI Trust

The relationship between GMI Trust and its service providers is explained in the following diagram:



#### (b) Responsible entity (RE)

The responsible entity of GMI Trust is Bell Asset Management Limited (**BAM**). BAM's Australian Financial Services Licence is 231091. BAM has been the manager of GMI since 2004, and provides administrative services, including company secretarial, accounting, marketing, investor relations and provision of office facilities. As part of its functions, BAM is responsible for the selection and oversight of GMI's investment manager.

BAM has confirmed that it intends that GMI Trust will be operated as an open-ended managed investment scheme on an ongoing basis following the Restructure (that is, new investors will be able to acquire Units in GMI Trust and GMI Shareholders who acquire Units under the Restructure will be able to acquire additional Units). A summary of the rights attaching to Units is contained in section 6.1. One of the rights is that investors will be able to exit their investment at a price that reflects the underlying net asset value of the Units (less transaction charges), while GMI Trust is Liquid. For more detail on withdrawal rights, see section 3.5(e).

As responsible entity of GMI Trust, BAM will undertake similar functions to those it currently provides as manager of GMI. Consistent with the way in which BAM operates other managed investment schemes for which it is the responsible entity, BAM intends to outsource the investment management, administration, custody and registry functions for GMI Trust to specialist providers.

The fees to be received by BAM as responsible entity of GMI Trust will be determined on a similar basis to that currently used to determine the fees paid to BAM as manager of GMI. The key changes will be:

- the management fee received by BAM as responsible entity of GMI Trust will be calculated on the daily net asset value gross of accrued management and performance fees and taxes rather than the value of the assets of GMI at the end of each quarter; and
- while the main features of the performance fee received by BAM will remain the same, the method for calculating the performance fee will be modified to take account of the impact of daily applications, redemptions and distributions, as well as daily unit trust pricing. This may affect the amount of performance fees payable to BAM.

Further information regarding the existing and proposed agreements between GMI, GMI Trust and BAM is contained in sections 4.1(c), and 4.1(e) (in relation to costs) and section 7.4.

### (c) Investment manager

As manager of GMI, BAM has outsourced investment management services to BlackRock. Following the Restructure, the London-based natural resources team from BlackRock has agreed to continue as the investment manager of GMI Trust. This means that, following the Restructure, Shareholders will continue to have access to an investment that is managed by the specialist natural resources team at BlackRock, should they choose to remain invested in GMI Trust. Further, it is intended that the investment strategy of GMI Trust will be substantially similar to that of GMI.

On implementation of the Restructure, the agreement under which BlackRock provides its services to GMI will be terminated and replaced by a new agreement between GMI RE and BlackRock for the provision of services to GMI Trust.

The terms of the new arrangement for GMI Trust will be substantially similar to the existing arrangement for GMI. The only exceptions to this are:

- BlackRock International Limited rather than BlackRock Investment Management (UK) Limited (GMI's existing investment manager) will provide investment management services to GMI Trust. Both entities are wholly-owned subsidiaries of BlackRock Inc and the portfolio managers currently providing services to GMI will continue to provide services to GMI Trust;
- BlackRock will have a right to terminate the investment management agreement with GMI RE if the general security agreement entered into by GMI RE with NAB in connection with the overdraft facility (discussed below) crystallises or otherwise takes effect over all or part of the assets of GMI Trust. The overdraft facility currently provided to GMI is unsecured and therefore BlackRock does not currently have an equivalent termination right; and
- while the key features of the fees payable by BAM to BlackRock for investment management services will remain the same, the method for calculating these fees will change to reflect the changes outlined in 3.5(b) above in relation to the calculation of the fees payable to BAM as responsible entity of GMI Trust.

Further information regarding the existing and proposed agreements between GMI, GMI Trust and BlackRock is contained in sections 4.1(c) and 4.1(e) (in relation to costs) and section 7.5.

### (d) Service provider agreements

Other key service providers to GMI Trust will include:

- Link Market Services Limited (**Link**), which is currently the share registry service provider to GMI and will be the unit registry service provider for GMI Trust;
- National Australia Bank Limited (**NAB**), which will provide an overdraft facility to GMI Trust, and be the custodian and fund administrator for GMI Trust. NAB is currently the fund administrator for GMI. As custodian and fund administrator for GMI Trust, NAB will be responsible for holding the investments of GMI Trust, settlement of transactions effected by BlackRock, collection of income on behalf of GMI Trust and taking other fund administrative actions in relation to GMI Trust. These include unit pricing and fund accounting. NAB will also provide an overdraft facility to GMI Trust.

On implementation of the Restructure, the agreements under which Link, NAB and Bank of New York Mellon International Limited currently provide their services to GMI will be terminated and replaced by new agreements between GMI RE and the relevant service provider, for the provision of services to GMI Trust.

The terms of the new arrangements for GMI Trust will be substantially similar to the existing arrangements for GMI. The only exceptions to this are:

- NAB will replace Bank of New York Mellon International Limited as custodian and overdraft facility provider;
- the amount of the overdraft facility to be provided by NAB will be limited to the lesser of (1) \$20 million; and (2) 25% of the value of the net assets of GMI Trust from time to time less certain specified assets which have a potentially greater risk profile. The current facility limit is the lower of \$40 million and 20% of the value of GMI's net assets; and
- the overdraft facility will be secured by a general security agreement over the assets of GMI Trust (whereas the overdraft facility provided to GMI was unsecured).

Further information regarding the existing and proposed agreements between GMI, and other service providers is contained in section 4.1(e) (in relation to costs) and section 7.6.

### (e) Withdrawal rights – general

Under the terms of the Trust Constitution, Unitholders are generally able to request to make a withdrawal from GMI Trust, at any time while GMI Trust is Liquid. GMI RE has confirmed that based on its anticipated investment portfolio, GMI Trust is expected to remain Liquid. Shareholders who receive Units under the Restructure will also be able to make an Initial Withdrawal. The Initial Withdrawal process is described further in section 3.5(f) and applies to withdrawal forms received before 2:00pm on Tuesday, 27 November 2012.

Generally, a withdrawal request must:

- be made in a form that will be determined by GMI RE, and lodged at a place determined by GMI RE;
- be for a minimum value of Units determined by GMI RE; and
- not leave the Unitholder with Units of less than a minimum amount determined by GMI RE.

However, the minimum withdrawal and holding requirements do not apply to Unitholders who were members of GMI immediately prior to the Restructure.

GMI RE may only refuse to act upon a valid withdrawal request in certain limited circumstances (eg where accepting the request would constitute a breach of the Trust Constitution or a breach of law, or would unfairly prejudice another Unitholder).

The withdrawal price for each Unit is equal to the net asset value of GMI Trust divided by the number of Units on issue less a transaction charge (which is the estimated cost of selling or disposing of assets to pay for the withdrawal, and any other amounts (if any) determined by GMI RE in respect of the withdrawal). These values are calculated:

- if the withdrawal request is received before 2:00pm on a business day, as at that business day; or
- if the withdrawal request is received after 2:00pm on a business day (or on a day which is not a business day), as at the following business day.

Under the Trust Constitution, if a Unitholder makes a valid withdrawal request which is accepted by GMI RE, GMI RE must redeem the number of Units requested at the withdrawal price within 30 days of the date of receipt of the request, subject to the ability of GMI RE to extend this period in the following circumstances:

- if GMI RE considers that it is in the best interests of Unitholders to do so, it may extend the period for a further 30 days; and
- further, if GMI RE has taken all reasonable steps to realise sufficient assets to satisfy a withdrawal request, and is unable to do so due to circumstances outside its control, it may further extend the period whilst the circumstances persist. If the circumstances apply for a period exceeding 90 days in total, then GMI Trust will be taken not to be a Liquid scheme for the purposes of the Corporations Act, and withdrawals may only be made in accordance with the Corporations Act.

GMI RE has confirmed that in practice withdrawal requests will usually be satisfied within 10 business days.

Certain additional restrictions apply when GMI RE receives a large number of withdrawal requests in a short period of time. If:

- on any one business day, Unitholders request the withdrawal of a number of Units that in aggregate represent 10% or more of the total number of Units on issue; or
- on any one business day, a Unitholder requests the Withdrawal of a number of Units that have an aggregate value of 5% or more of the total number of Units on issue,

then GMI RE may determine that each such request may be treated as four separate requests (each for a quarter of the total number of Units in the original request), the four requests will be treated as having been received by GMI RE on the first, sixth, eleventh and sixteenth business days following the date on which the withdrawal request was received, and the withdrawal price will be determined accordingly (ie on four separate dates).

GMI RE has a general right to suspend withdrawals but may only do so if it reasonably believes it cannot accurately determine the net asset value of GMI Trust due to factors such as the closure or restriction of trading in relevant markets or an inability to realise assets at prices which would be realised in a stable market. Withdrawals will also be suspended for an initial period following Implementation (see section 3.5(f)).

As outlined above, GMI RE has confirmed that based on its anticipated investment portfolio, GMI Trust is expected to remain Liquid and therefore the withdrawal process described above will apply. However, if at any time GMI Trust is not Liquid, withdrawals must be made in accordance with the procedure outlined in the Corporations Act. In these circumstances, GMI RE may (but is not required to) offer Unitholders an opportunity to withdraw from GMI Trust to the extent that particular assets are available and able to be converted to money in time to satisfy withdrawal requests that Unitholders may make in response to the offer. If GMI RE makes such an offer, it must satisfy any withdrawal requests received in response to the offer within 21 days of the close of the offer.

#### **(f) Withdrawal rights – Initial Withdrawal**

Shareholders will be given an initial opportunity to exit or reduce their investment in GMI Trust following implementation of the Restructure, by making a withdrawal request in respect of all or some of the Units they will receive under the Restructure.

If the Restructure Resolutions are passed at the AGM, then on the following business day, withdrawal forms will be made available on the websites of GMI ([www.globalmining.com.au](http://www.globalmining.com.au)) and Bell Asset Management Limited, the responsible entity of GMI Trust ([www.bellasset.com.au](http://www.bellasset.com.au)). Shareholders may also obtain a withdrawal form by calling GMI's Share Registry, Link Market Services on 1300 721 265 (if calling within Australia) or +612 8280 7197 (if calling from overseas).

Shareholders who wish to make an Initial Withdrawal must complete and lodge a withdrawal form by 2:00pm on Tuesday, 27 November 2012.

Special arrangements will apply to the determination of the withdrawal price and payment of withdrawal proceeds for Initial Withdrawals. It is expected that:

- the withdrawal price for all Initial Withdrawals will be determined as at Tuesday, 11 December 2012 and announced on Friday, 14 December 2012; and
- proceeds for all Initial Withdrawals will be paid by cheque on or around Monday, 17 December 2012.

Withdrawals will be suspended between the Implementation Date and Tuesday, 11 December 2012 (the date as at which the withdrawal price for Initial Withdrawals will be determined). Accordingly, any Shareholders who wish to withdraw during this period should complete and lodge an Initial Withdrawal form by 2:00pm on Tuesday, 27 November 2012. Withdrawal forms received while withdrawals are suspended will be treated for the purpose of determining the withdrawal price as if they were received prior to 2:00pm on Wednesday, 12 December 2012.

#### **(g) Further information**

For further information regarding GMI Trust, Shareholders should refer to the PDS which accompanies this Explanatory Memorandum.

## 4 ADVANTAGES, DISADVANTAGES AND RISKS OF THE RESTRUCTURE

### 4.1 ADVANTAGES OF THE RESTRUCTURE

#### (a) Shareholders will be able to realise their investment at a price that reflects the underlying net asset value (less transaction charges) while GMI Trust is Liquid

Following the Restructure, rather than holding their investment in the form of Shares, Shareholders will hold Units in GMI Trust. As a result of this, while GMI Trust is Liquid, Shareholders will be able to lodge a withdrawal request, requesting that GMI RE redeem all or part of their Units at a price that reflects the underlying net asset value (less transaction charges). GMI RE has confirmed that based on its anticipated investment portfolio, GMI Trust is expected to remain Liquid. See sections 3.5(e) and 3.5(f) for further details regarding withdrawals.

Given that GMI Shares have historically traded below their NTA per Share, the Board considers that if the Restructure does not proceed, there is a real risk the discount may again widen in the future. On this basis, the Restructure will significantly improve Shareholders' ability to realise their investment in GMI for an amount which reflects the underlying net asset value as this will no longer depend on the price at which the Shares are trading.

As an example, at the close of trade on 30 April 2012 (the month end before the Restructure was announced), the price of GMI Shares was \$0.925, which represented a discount to the NTA per Share of approximately 22%. A Shareholder selling 1,000 Shares at this price would have received \$925 as consideration (excluding broker fees). If the Shareholder were able to have their Shares redeemed at NTA per Share at this date, the consideration would have been approximately \$1,190 (excluding transaction charges).

#### (b) Shareholders will be able to quickly realise their investment

Shareholders who receive Units under the Restructure will have an opportunity to quickly realise their investment through the Initial Withdrawal process. On an ongoing basis, investors will generally be able to request withdrawal at any time while GMI Trust is Liquid, at a price that reflects the underlying net asset value (less transaction charges).

If a Unitholder in GMI Trust makes a valid withdrawal request GMI RE must redeem the number of Units requested at a price that reflects the underlying net asset value less transaction charges within 30 days of the date of receipt of the request subject to an ability to extend this period in certain circumstances (see section 3.5(e)). GMI RE has confirmed that, in practice, withdrawal requests will generally be satisfied within 10 business days.

The ability to exit following the Restructure will be based on lodging a withdrawal request, rather than selling securities to another investor, and therefore is not dependent on there being a buyer willing to acquire the securities (as is the case for GMI Shares).

Accordingly, the withdrawal rights attached to the Units will provide a simple means for investors to realise the value of their investment. Further details of the withdrawal rights are described in sections 3.5(e) and 3.5(f).

#### (c) Ongoing role of BAM and BlackRock

GMI's main service providers will effectively continue their roles as service providers to GMI Trust.

GMI's current manager, BAM, will perform similar functions following the Restructure, through its role as responsible entity for GMI Trust. BAM will also be subject to the additional duties and obligations imposed on a responsible entity under the Corporations Act.

Further, the natural resources team from BlackRock (GMI's current investment manager) has agreed to continue as the investment manager of GMI Trust. This will mean that Shareholders will still have access to an investment that is managed by the specialist natural resources team at BlackRock should they choose to remain invested in GMI Trust.

#### (d) GMI Trust will be taxed as a flow through trust

GMI RE has confirmed that it will operate GMI Trust so that it will be treated as a flow through trust for tax purposes, as is usual for managed investment schemes. Broadly, that means that GMI Trust Unitholders will be subject to tax on a proportionate share of the net taxable income of GMI Trust, and that income will retain its character as revenue or capital in the hands of GMI Trust Unitholders.

It is expected that GMI Trust will qualify to elect to apply the capital gains tax provisions for the taxation of gains and losses on the disposal of most assets (including shares held as part of GMI Trust's investment portfolio) (**CGT Election**).

Accordingly:

- some resident Unitholders will be entitled to claim the CGT discount on their share of capital gains derived by GMI Trust in respect of gains on disposals of assets held for longer than 12 months; and
- non-resident Unitholders will not be required to pay tax on their share of capital gains derived by GMI Trust in respect of assets that are not taxable Australian property.

For further information regarding the tax treatment for Unitholders in respect of holding Units, please refer to section 6.

#### (e) Decreased annual operating expenses following the Restructure

Table 1 on the next page, sets out the estimated change in the annual costs of operating GMI Trust compared to GMI, if the Restructure is implemented. Based on the information in the table, the estimated annual cost decrease arising if the Restructure is implemented is \$340,000.

**Table 1: Estimated change in expenses of GMI Trust for a financial year (excluding costs associated with the winding up of GMI), compared to expenses for GMI for FY12.**

<b>Anticipated cost reductions</b>	
(\$30,000)	audit and tax related fees
(\$50,000)	BAM services fee
(\$60,000)	ASX fees and Annual General Meeting costs
(\$280,000)	Directors' fees and associated costs
(\$170,000)	ratings, marketing, advertising
(\$590,000)	
<b>Anticipated cost increases</b>	
\$90,000	registry service fees – fees for unit registry services are expected to be higher than share registry costs, due to unit registry services involving more manual processes and the unit registry undertaking some tasks relating to applications and withdrawals of units which are undertaken by a third party broker for share transactions.
\$160,000	custody and administration service fees – in the case of GMI, these costs were previously borne by other service providers, whereas following the Restructure, they will be borne by GMI Trust. Also, additional services will be required for GMI Trust because applications and withdrawals will be accepted daily and the unit value for GMI Trust will be determined daily.
\$250,000	
<b>Net annual cost reductions</b>	
(\$340,000)	

These figures are estimates only and are based on arrangements entered into with GMI Trust's future service providers (see sections 7.5 and 7.6) and internal estimates prepared by BAM management, assuming an investment portfolio size of \$200 million. If investor behaviour or transaction patterns after the Restructure are different from current expectations (for instance because of higher transaction levels or smaller investment balances) the actual cost of operating GMI Trust may be materially higher or lower than the estimate.

Shareholders should also be aware of the one-off costs resulting from the Restructure which are described in section 4.2(e).

## 4.2 DISADVANTAGES AND RISKS

### (a) Unlisted nature of the investment

In connection with the Restructure, GMI will be delisted from the ASX, with the result that Shareholders will not be able to buy or sell Shares on the ASX. However, following the Restructure, Shareholders will have withdrawal rights (through being a unitholder in GMI Trust) which will enable them to realise their investment while GMI Trust is Liquid. Withdrawal is the usual exit mechanism for investors in unlisted trusts. Investors will also be able to transfer their Units off-market (although this will usually only occur where the seller has independently identified a buyer), and will be able to increase their investment in GMI Trust by applying for additional Units.

### (b) Disclosure of information

Due to the delisting of GMI, it will no longer be required to comply with certain continuous disclosure obligations imposed on listed entities. Under the ASX Listing Rules, GMI as a listed company must immediately notify the ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its Shares. As a listed investment company GMI is also required to announce its NTA per Share to the ASX on a monthly basis.

As GMI Trust will not be listed, GMI Trust will not have that obligation to the ASX. GMI RE will however have an obligation to provide investors with periodic reports concerning their investment and will have a continuous disclosure obligation to ASIC. Information lodged with ASIC may be more difficult for Shareholders to obtain than information lodged with the ASX (and will require payment of fees to ASIC).

However GMI RE has confirmed that it intends to satisfy its continuous disclosure obligations by making the relevant information freely available on GMI Trust's website, [www.globalmining.com.au](http://www.globalmining.com.au). The Unit price of GMI Trust will also be available daily on the website from the date that the Withdrawal Price for Initial Withdrawals is announced. Investors will be able to obtain further information about GMI Trust by contacting GMI RE.

### (c) Tax losses are unlikely to be fully utilised

As at 26 September 2012, GMI has carried forward capital losses of approximately \$39.6 million, and revenue losses of approximately \$1.8 million (together, Tax Losses). In addition, as at 26 September 2012, GMI has approximately \$10.3 million of unrealised gains.

Subject to meeting the relevant statutory requirements, if at any time GMI realises a capital gain, it can offset the Tax Losses against that capital gain. This will reduce the tax payable on the capital gain, in whole or in part, which effectively increases returns to Shareholders. As GMI is taxed at a rate of 30%, the effective value of the Tax Losses (assuming they could be utilised in full) is \$12.4 million, being 30% of \$41.4 million. However, as outlined below, the size of the capital gain generated as a result of the Restructure and the resulting impact on Shareholders depends on the value of GMI's assets on the Implementation Date, and as such the extent to which the Tax Losses may be used is uncertain and depends on market movements.

As part of implementing the Restructure, GMI will elect to form the GMI Tax Consolidated Group with GMI Trust, sell all of its assets to GMI Trust on the Implementation Date at market value in return for the issue of Units in GMI Trust and GMI Trust assuming GMI's existing liabilities and indemnifying GMI against all future liabilities and make an in specie distribution of those Units to Shareholders. As a result of the in specie distribution of Units, GMI Trust will cease to be a member of the GMI Tax Consolidated Group. GMI will realise either a capital gain or a capital loss as a result of GMI Trust leaving the GMI Tax Consolidated Group. Whether a capital gain or a capital loss is realised, and the size of such gain or loss, will depend on the market value of GMI's assets at the Implementation Date, and therefore cannot be determined at the date of this Explanatory Memorandum.

If GMI realises a capital gain as a result of GMI Trust leaving the GMI Tax Consolidated Group, GMI will be able to use the available Tax Losses to offset that capital gain up to the amount of the Tax Losses. To the extent that any of the Tax Losses cannot be used because either the capital gain realised on GMI Trust leaving the GMI Tax Consolidated Group is less than the Tax Losses or GMI Trust leaving the GMI Tax Consolidated Group results in a capital loss, such Tax Losses will effectively be lost following the Restructure. This is because GMI's assets will have been transferred to GMI Trust, while the Tax Losses will remain with GMI which will have ceased its investment activities and will be wound up in due course.

As outlined above, GMI's ability to fully use the Tax Losses to offset gains realised on GMI Trust leaving the GMI Tax Consolidated Group depends on the market value of GMI's assets as at the Implementation Date (as reflected in GMI's NTA per Share). The following table summarises GMI's ability to use the tax losses depending on alternative example values for NTA per Share at the Implementation Date (assuming no material change in liabilities):

NTA per Share at Implementation Date	> \$0.97		
	NTA ≤ \$0.97	NTA < \$1.20	NTA ≥ \$1.20
<b>Tax losses used to offset capital gain</b>	None	Some	All
<b>Reduction in tax payable by GMI per Share</b>	\$0.00	\$0.00 - \$0.07	\$0.07

At 26 September 2012 GMI's NTA per Share was \$1.03. Between 30 June 2011 to 26 September 2012 GMI's NTA per Share has ranged from \$0.95 to \$1.41.

#### (d) Franking credits are unlikely to be fully utilised

GMI has franking credits worth approximately \$3.3 million, which are sufficient for GMI to fully frank a dividend of approximately \$7.7 million or approximately \$0.04 per Share. GMI can distribute these franking credits if it has sufficient profits or retained earnings to declare a dividend to which they can be attached.

Under the Restructure GMI will make a distribution to Shareholders of Units in GMI Trust. The distribution will comprise an amount from the share capital account (this is the Units distributed as a result of the Capital Reduction), and depending on the value of the Units to be distributed and the value of GMI's share capital account as at the Implementation Date the Units distributed may also comprise a Special Dividend (which GMI may be able to fully frank).

The amount of any Special Dividend and therefore GMI's ability to distribute the franking credits will depend on the value of GMI's net assets at the Implementation Date.

The following table summarises GMI's ability to distribute the franking credits in connection with payment of a Special Dividend depending on various alternative values for GMI's net assets at the Implementation Date (assuming no material change in liabilities):

Value of net assets per Share at Implementation Date	> \$1.16		
	net assets ≤ \$1.16	net assets < \$1.20	net assets ≥ \$1.20
<b>Franking credits distributed</b>	None	Some	All
<b>Amount of dividend per Share that may be franked</b>	\$0.00	\$0.00 - \$0.04	\$0.04

To the extent that any portion of the franking credits are unable to be utilised as part of the Restructure, the potential benefit of those franking credits will be lost. The value of the franking credits for an individual Shareholder depends on that Shareholder's specific circumstances. For Shareholders who are entitled to the franking tax offset, the franking credits have a value of approximately \$0.02 per Share.

#### (e) Costs of the Restructure

Implementation of the Restructure will impose a number of one-off costs, which are expected to total approximately \$800,000. Approximately \$650,000 of the costs relating to the Restructure have been incurred already, will be paid regardless of whether or not the Restructure is implemented and are reflected in the current NTA per Share. However, additional costs of approximately \$150,000 are also expected, of which approximately \$40,000 will be incurred only if the Restructure is implemented.

**(f) If a significant proportion of investors withdraw from GMI Trust, the remaining investors may be disadvantaged**

The cost of some of the services provided to GMI and which will be provided to GMI Trust are fixed (for example service fees and audit and tax costs), while others vary according to the size of the investment portfolio (for example custody and management fees). Fixed costs are borne proportionately by investors. Following the Restructure, should individual investors wish to retain their Units in circumstances where a significant proportion of investors withdraw their Units, the amount of fixed costs borne by each remaining investor will increase. Total fixed costs for GMI Trust are expected to amount to approximately \$600,000 per year. The following table indicates the expected impact on fixed and variable costs of a rise or fall in the size of the investment portfolio of GMI Trust.

**Costs borne by GMI Trust Unitholders**

	Assets of \$100m	Assets of \$200m	Assets of \$300m
<b>Fixed costs (%)</b>	0.6%	0.3%	0.2%
<b>Variable costs (%)</b>	1.33%	1.33%	1.33%
<b>Total</b>	1.96%	1.63%	1.53%

Note: Table excludes impact of performance fees as there is not a reasonable basis for determining the amount of such fees, and also excludes the impact of GST and reduced input tax credits.

GMI RE has confirmed that, following the Restructure, GMI Trust will operate as an open-ended managed investment scheme and GMI RE intends to accept applications for Units in GMI Trust from new and existing investors. If this occurs GMI Trust may grow in size in which case the fixed costs per Unit will decrease as they will be borne proportionately across a larger number of Units.

**(g) Changes to service provider arrangements**

On Implementation of the Restructure, the agreements under which BAM and BlackRock currently provide their services to GMI will be terminated and replaced by new agreements between GMI RE and the relevant service provider for the provision of services to GMI Trust.

The fees received by BAM and BlackRock as service providers to GMI Trust will be determined on a similar basis to that currently used to determine their fees as service providers to GMI. However, while the main features of the performance fee received by BAM (and that payable to BlackRock) will remain the same, the method for calculating the performance fee will be modified to take account of the impact of applications, redemptions and distributions, as well as daily unit trust pricing. This means that the fees payable to BAM (and by BAM to BlackRock) may be higher or lower than the fees which would have been payable had the existing arrangements remained in place.

Further, BlackRock will have a right to terminate the investment management agreement with GMI RE if the general security agreement granted by GMI RE in favour of NAB in connection with the overdraft facility crystallises or otherwise takes effect over all or part of the assets of GMI Trust. The overdraft facility currently provided to GMI is unsecured and therefore BlackRock does not currently have an equivalent termination right.

### 4.3 KEY SIMILARITIES AND DIFFERENCES BETWEEN HOLDING SHARES IN GMI AND HOLDING UNITS IN GMI TRUST

	Unitholders	Shareholders
<b>Interest held</b>	The responsible entity holds the property of GMI Trust on trust for Unitholders. Unitholders have a legal interest in the Units and a beneficial interest in the trust property.	A Shareholder has a legal interest in the Shares of GMI, but no legal or beneficial interest in the assets of GMI.
<b>Ability to exit</b>	<p>While GMI Trust is Liquid, Unitholders will have a right to withdraw their Units at a price that reflects the underlying net asset value (less transaction charges). Withdrawal is subject to the provisions of the Trust Constitution (see sections 3.5(e) and 3.5(f) for further details). However no Unitholder approvals are required for withdrawals.</p> <p>Unitholders may be able to transfer their Units if they are able to independently identify a buyer, however Units will not be listed on the ASX so there will be no readily available market.</p>	<p>GMI has limited options to return capital to Shareholders, and most of these require Shareholder approval.</p> <p>Shareholders may sell their Shares in GMI on-market, but if Shares continue to trade at a discount to NTA per Share, Shareholders will receive less than the proportionate value of GMI's underlying net assets. The ability to sell is also dependent on the availability of buyers for GMI Shares.</p>
<b>Value of interest</b>	<p>The value of a Unitholder's interest will be calculated based on the net asset value of GMI Trust's investment portfolio.</p> <p>As GMI RE is generally not subject to tax on the gains of GMI Trust, the net asset value of GMI Trust's investment portfolio may be higher than the NTA per Share for GMI Shares.</p>	The value of a Shareholder's interest is based on the Share price which may be higher or lower than NTA per Share. In the case of GMI the Share price has historically traded at a discount to NTA per Share.
<b>Distributions</b>	<p>GMI RE may at any time distribute to Unitholders income or capital out of GMI Trust.</p> <p>GMI Trust may have 'distribution periods' which are set by GMI RE. Under the Trust Constitution, GMI RE will distribute the operating income of GMI Trust plus any additional amount determined by GMI RE and less any distributions already made during the relevant distribution period. The amount will be distributed to Unitholders in proportion to the number of Units held by them.</p> <p>GMI RE has confirmed that it intends to make distributions on a yearly basis.</p>	When GMI has been able to do so, it has paid interim and/or final dividends as, in the judgment of the Directors, the financial position of GMI justifies.
<b>Tax</b>	<p>GMI RE has confirmed that it will operate GMI Trust so that it will be a flow through trust for certain Australian tax purposes. It is anticipated that GMI RE will generally not be liable to income tax on the income of GMI Trust. Rather, Unitholders will be required to include in their assessable income a proportionate share of the net income of GMI Trust.</p> <p>The net income of GMI Trust will retain its income or capital nature in the hands of the Unitholders.</p> <p>It is expected that GMI Trust will qualify to make the CGT Election</p>	<p>GMI is required to pay tax on its taxable income at the corporate tax rate.</p> <p><b>Listed investment company dividend:</b> where parts of a dividend paid by GMI are attributable to capital gains on long term capital assets, some GMI Shareholders (such as individuals and complying superannuation entities) are entitled to an income tax deduction which mirrors the amount of the CGT discount they would be entitled to, had they derived the capital gain themselves. However, to date GMI has not declared any dividends to which these rules apply and therefore Shareholders have not received any benefit from this aspect of the current structure.</p> <p>GMI is not entitled to the CGT discount.</p> <p>GMI cannot make the CGT Election.</p>



	Unitholders	Shareholders
<b>Continuous disclosure</b>	<p>GMI RE will have an obligation to provide investors with periodic reports concerning their investment and an obligation to notify ASIC of any information a reasonable person would expect to have a material effect on the price or value of the Units.</p> <p>Although information lodged with ASIC may be more difficult for Unitholders to obtain than information lodged with the ASX (and will require payment of a fee to ASIC), GMI RE has confirmed that it intends to satisfy its continuous disclosure obligations by making all relevant information freely available on GMI Trust’s website, <a href="http://www.globalmining.com.au">www.globalmining.com.au</a>.</p> <p>Investors will be able to obtain further information about GMI Trust by contacting GMI RE.</p> <p>The Unit price of GMI Trust will also be available daily on GMI Trust’s website from the date that the withdrawal price for Initial Withdrawals is announced.</p>	<p>Under the ASX Listing Rules, GMI as a listed company must immediately notify the ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its Shares.</p> <p>As a listed investment company GMI is also required to lodge a report regarding the value of its Net Tangible Assets with ASX on a monthly basis.</p>
<b>Duties imposed on directors or responsible entity</b>	<p>GMI RE has fiduciary and statutory duties requiring GMI RE to, among other things, act in the best interests of Unitholders and give priority to Unitholders in the case of a conflict between the interests of Unitholders and GMI RE’s own interests.</p> <p>The fiduciary and statutory duties of GMI RE and its directors also include duties to act honestly and to exercise a reasonable degree of care and diligence.</p> <p>Further, GMI RE must ensure that the Trust Constitution complies with the requirements of the Corporations Act, and it must have in place a compliance plan setting out measures it will implement in operating GMI Trust to ensure compliance with the Corporations Act and the Trust Constitution.</p> <p>GMI RE is required to have its compliance with the plan audited, and GMI RE’s compliance committee must monitor compliance with the plan.</p>	<p>Fiduciary duties are imposed on directors of a company. The duty is to act in the best interests of the company (rather than individual shareholders), and not to take advantage of their position.</p> <p>GMI has its own Board of Directors which is separate from the Board of BAM (the manager of GMI). The GMI Board will no longer remain in place following Implementation of the Restructure and the winding up of GMI.</p> <p>Directors also owe duties to the company to use care and diligence.</p>
<b>Liability</b>	<p>A Unitholder’s liability is limited to their contribution of capital (ie the Units they have paid for, or in the present case, the Units they have received under the Restructure).</p> <p>A responsible entity is liable for debts of the trust, however if GMI RE incurs costs, liabilities or expenses in relation to the proper performance of its duties under the Trust Constitution, it will have a right to be indemnified against the liabilities out of the assets of GMI Trust.</p>	<p>A Shareholder’s liability is limited to their contribution of capital (ie the shares they have paid for).</p> <p>Directors are not ordinarily liable for debts of a company.</p>

	Unitholders	Shareholders
<b>Resolutions</b>	Except in the case of resolutions which as a matter of law require a special majority (for instance amending the Trust Constitution – see immediately below), questions arising at a general meeting are to be decided by a majority of votes cast by Unitholders present at the meeting.	Except in the case of resolutions which as a matter of law or the Listing Rules require a special majority (for instance amending the constitution – see immediately below), questions arising at a general meeting are to be decided by a majority of votes cast by Shareholders present at the meeting.
<b>Amending constitution</b>	<p>While GMI Trust continues to be a registered managed investment scheme, the constitution may be modified by:</p> <ul style="list-style-type: none"> <li>• a special resolution of Unitholders (more than 75% approval); or</li> <li>• the responsible entity unilaterally, if it reasonably considers the change will not adversely affect Unitholders' rights.</li> </ul>	A special resolution (more than 75% approval) is required to amend a company's constitution.
<b>Meetings</b>	A trust is not required to hold annual general meetings.	A listed company is required to hold annual general meetings.
<b>Winding up</b>	<p>If GMI Trust is wound up, and the property of the trust is more than sufficient to pay all the debts and liabilities of the trust along with the costs, charges and expenses of the winding up and any unpaid remuneration owed to GMI RE, the excess will be distributed to Unitholders in proportion to the number of Units held by them.</p> <p>GMI Trust ends on the earlier of:</p> <ul style="list-style-type: none"> <li>• the 80th anniversary of the date of its establishment;</li> <li>• the date determined by GMI RE; and</li> <li>• the date on which it is terminated under the Trust Constitution or by law.</li> </ul>	<p>If GMI is wound up and the property of the company is more than sufficient to pay all the debts and liabilities of the company along with the costs, charges and expenses of the winding up, the excess must be divided among the Shareholders in proportion to the shares held by them.</p> <p>Except in the case of winding up, GMI will exist indefinitely.</p>
<b>Fees</b>	BAM will receive a fee as responsible entity of GMI Trust which will be calculated on a substantially similar basis to the fee BAM receives as manager of GMI. However, there will be certain differences between the fees charged by BAM and other service providers for GMI Trust as compared to GMI (see sections 3.5(b), 3.5(c), 4.1(e), and 4.2(g) for details).	BAM currently receives a fee as manager of GMI.

## 5 RECOMMENDATION

Having considered the advantages, disadvantages and risks associated with the Restructure, the Directors of GMI consider that approving the Restructure is in the best interests of Shareholders. This is primarily because the Restructure will allow Shareholders, if they wish to do so, to realise the value of their investment at a price that reflects the net asset value of the underlying portfolio (less transaction charges) while GMI Trust is Liquid, whereas based on historical trading prior to announcement of the Restructure, there is a real risk that Shareholders will not be able to realise their Shares at this value should the Restructure not proceed.

## 6 TAX REPORT

# Greenwoods & Freehills

The Directors  
Global Mining Investments Limited  
Level 20  
101 Collins Street  
Melbourne  
VIC 3000

2 October 2012

Dear Directors

### Australian Taxation Report

We have been asked by Global Mining Investments Limited (**GMI**) to prepare a report on the Australian income tax and GST issues arising in relation to the transactions described in detail in the Explanatory Memorandum and summarised below (the **Restructure**).

The information contained in this report is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This report outlines the general Australian income tax and goods and services tax (**GST**) implications for GMI Shareholders in respect of their participation in the Restructure.

An outline of the general income tax and GST implications for GMI shareholders from the holding and disposing of GMI Trust Units following the Restructure is included in the PDS Tax Report.

This report considers the Australian income tax and GST issues for resident GMI Shareholders who are individuals, complying superannuation entities and companies holding their investments on capital account. We have also considered the position of a non-resident GMI Shareholder who, together with associates, holds an interest of less than 10% in the GMI Shares or GMI Trust Units and holds that interest on capital account.

We have not addressed the tax treatment for GMI Shareholders who hold their securities on revenue account, such as banks and other trading entities, or non-resident GMI Shareholders who currently hold GMI Shares (or who will hold GMI Trust Units) through a permanent establishment in Australia, or GMI Shareholders who are subject to the taxation of financial arrangements rules in Division 230 of *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their GMI Shares.

We have been instructed that GMI understands that GMI Trust should be treated as a fixed trust for tax purposes and this report is prepared on that basis.

**All investors should seek independent professional advice on the consequences of their participation in the Restructure, based on their particular circumstances. GMI Shareholders who are resident in a jurisdiction other than Australia should obtain advice on the taxation implications arising in their local jurisdiction of participating in the Restructure.**

Unless otherwise stated, terms used in this report are defined in the same way as they are in the Explanatory Memorandum.

This report is based on the provisions of the *Income Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth), the *A New Tax System (Goods and Services*

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Legislation

Greenwoods & Freehills Pty Limited ABN 60 003 146 852

Tax) Act 1999 (Cth) and related acts, regulations and Australian Taxation Office (ATO) rulings and determinations applicable as at the date of this letter.

## 1 Background

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### 1.1 Restructure

This report is based on the information set out in Sections 2-5, 7 and 8 of the Explanatory Memorandum, however for convenience we have summarised the relevant aspects of that information below. A description of the Restructure is set out in section 3 of the Explanatory Memorandum.

As explained in section 3 of the Explanatory Memorandum, under the Restructure, GMI's assets will be transferred at market value to GMI Trust in exchange for GMI Trust Units and GMI Trust assuming GMI's liabilities. Those units will then be distributed to GMI Shareholders as an *In Specie* Distribution and GMI will be delisted. It is anticipated that, subject to shareholder approval, GMI will subsequently be wound up.

The *In Specie* Distribution will comprise a return of share capital and may comprise a special dividend which may be franked. The value of GMI's assets on the Implementation Date will determine whether the distribution will include a dividend. GMI will inform GMI Shareholders of the composition of the *In Specie* Distribution on or around the Implementation Date.

This taxation report considers the consequences for GMI Shareholders of receiving a franked dividend and an unfranked dividend in addition to receiving a return of share capital. The general Australian income taxation consequences of the restructure for GMI Shareholders are outlined in section 2 below.

### 1.2 Class ruling request

GMI has lodged a class ruling request with the ATO seeking the Commissioner of Taxation's (the **Commissioner**) views on specific income tax issues for GMI Shareholders. The ATO has not issued the class ruling as at the date of this Explanatory Memorandum. We understand that GMI will make an ASX announcement when the class ruling is published, and the class ruling will also be available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

It is anticipated that the Commissioner's views in the class ruling will be generally consistent with this taxation report. However, it is possible that the Commissioner may reach a different conclusion. Accordingly, it is important that this taxation report be read in conjunction with the class ruling issued by the ATO.

## 2 Tax Consequences of Restructure for GMI Shareholders

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### 2.1 Payment of *in specie* return of share capital

#### (a) Australian Residents

The *in specie* return of share capital will reduce the cost base and reduced cost base of GMI Shares. To the extent the *in specie* return of share capital exceeds a GMI Shareholder's cost base in a GMI Share, the cost base and reduced cost base of the GMI Share will be reduced to nil and the GMI Shareholder will realise a capital gain.

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It is not possible for any GMI Shareholder to realise a capital loss as a result of the *in specie* return of share capital. Rather, as set out in section 2.3 below, any capital loss will be realised when GMI is wound up.

If a GMI Shareholder is an individual, a complying superannuation entity or a trustee and acquired (or is taken to have acquired) for CGT purposes GMI Shares at least 12 months prior to the date of the *in specie* return of share capital, the amount of the GMI Shareholder's capital gain will be reduced by the relevant CGT discount.

If a GMI Shareholder who is an individual or trustee applies the CGT discount method, the GMI Shareholder's taxable capital gain (after offsetting any current year capital losses or carry forward net capital losses from previous years) will be reduced by one-half (or one-third if the GMI Shareholder is a complying superannuation entity).

If the GMI Shareholder is a company, the CGT discount is not available.

### (b) Non-Residents

The *in specie* return of share capital will have no CGT consequences for a non-resident GMI Shareholder.

## 2.2 Payment of *in specie* special dividend

### (a) Australian Residents

To the extent the *In Specie* Distribution occurs by way of franked dividend, GMI Shareholders who are Australian residents should be required to include the value of the *in specie* special dividend plus the attached franking credit in their assessable income and may be entitled to a tax offset equal to the amount of the franking credit.

To be eligible for the franking credit and tax offset, the GMI Shareholder must generally have held the GMI Shares 'at risk' for at least 45 days (not including the day of the share's acquisition or disposal). However, this rule does not apply to a GMI Shareholder in some special cases, including where the GMI Shareholder is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year ending 30 June 2013.

To the extent the *In Specie* Distribution occurs by way of unfranked dividend, GMI Shareholders who are Australian residents should be required to include the value of the *in specie* special dividend in their assessable income.

To the extent that any dividend is attributable to a Listed Investment Company capital gain made by GMI, certain types of shareholders (such as individuals and complying superannuation entities) will be entitled to an income tax deduction which mirrors the amount of the capital gains tax (CGT) discount they would be entitled to, had they derived the capital gain themselves. GMI has not previously declared a dividend which has been attributable to a Listed Investment Company capital gain and any dividend declared by GMI as part of the *In Specie* Distribution is not expected to be attributable to a Listed Investment Company capital gain.

### (b) Non-Residents

To the extent the *In Specie* Distribution occurs by way of franked dividend, non-residents will not be subject to Australian income tax (including withholding tax).

To the extent the *In Specie* Distribution occurs by way of unfranked dividend, GMI will be required to withhold tax on behalf of a non-resident GMI Shareholder. The tax withheld will, in the absence of a Double Tax Agreement, be equal to 30% of the unfranked component of the distributions paid.

This rate may be reduced where the GMI Shareholder is a resident of a country with which Australia has concluded a Double Tax Agreement.

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To the extent the unfranked component of the dividend is declared by GMI to have been paid out of conduit foreign income for Australian taxation purposes then the amount is exempt from dividend withholding tax.

### 2.3 Proposed winding up of GMI

#### (a) Australian Residents

It is anticipated that GMI will be wound up following the Restructure. Immediately prior to being wound up, GMI will not hold any assets or liabilities and therefore the winding up will not involve any distribution to GMI Shareholders. Accordingly, GMI Shareholders are unlikely to realise a capital gain upon the winding up of GMI.

Any GMI shareholder that has a reduced cost base in a GMI share which exceeds nil at the time of winding up will realise a capital loss at the time GMI ceases to exist under the *Corporations Act 2001* (Cth) (generally either three months after the liquidator lodges a return of the holding of the final meeting of members, or another date specified by a Court order). The amount of the capital loss will be the amount by which the reduced cost base exceeds nil.

#### (b) Non-Residents

The winding up of GMI will have no CGT consequences for a non-resident GMI Shareholder.

## 3 Holding GMI Trust Units

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### 3.1 Summary

#### (a) Australian Residents

If the GMI Trust Unitholder is an Australian resident taxpayer, the GMI Trust Unitholder will generally include the following in their assessable income:

- a share of the net taxable income of GMI Trust in the proportion to which the GMI Trust Unitholder is presently entitled to the distributable income of GMI Trust for each income year; and
- any gain arising from the subsequent disposal of the GMI Trust Unit (to the extent that, together with other capital gains and losses, it gives rise to a net capital gain).

#### (b) Non-Residents

For each income year, a non-resident GMI Trust Unitholder will be required to lodge an Australian tax return and include in their assessable income certain components of the share of the taxable income of GMI Trust in the proportion to which they are presently entitled to the distributable income of GMI Trust. BAM, as trustee of GMI Trust, will also be liable to pay tax on those components and each non-resident GMI Trust Unitholder will be entitled to a credit for the amount of tax paid in relation to that non-resident GMI Trust Unitholder by BAM, as trustee of GMI Trust.

Broadly, the relevant components include Australian sourced income and capital gains on taxable Australian property and exclude dividend, royalty and interest income.

Further, BAM, as trustee of GMI Trust, will be liable to deduct withholding tax from distributions to non-resident GMI Trust Unitholders attributable to:

- interest income received by GMI Trust;
- unfranked dividends received by GMI Trust; and
- royalty income of GMI Trust.

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The applicable rate of withholding tax depends on a number of factors, including the nature of the distribution and the country in which the non-resident GMI Trust Unitholder is located (see 3.2(b) below).

### 3.2 Distributions of income from GMI Trust

GMI Trust will not be liable to income tax including CGT, provided GMI Trust Unitholders are presently entitled to all of the distributable income of GMI Trust.

#### (a) Australian Residents

For each income year, an Australian resident GMI Trust Unitholder will include in their assessable income the share of the taxable income of GMI Trust in the proportion to which they are presently entitled to the distributable income of GMI Trust. We understand that BAM, as trustee of GMI Trust, will, in respect of each income year, advise each GMI Trust Unitholder of the amount to include in their assessable income.

A GMI Trust Unitholder must include in their assessable income each year the taxable component of the GMI Trust distributions to which they are entitled in respect of that year, even if the GMI Trust Unitholder does not receive the distributions until after year end, or the distributions are reinvested.

To the extent that a GMI Trust Unitholder is presently entitled to income which represents a franked dividend received by GMI Trust, the GMI Trust Unitholder will also be allocated a proportionate share of the franking credits attached to that dividend.

To the extent that a net capital gain is included in GMI Trust's net income for tax purposes, the GMI Trust Unitholder will be regarded as having derived a capital gain equal to the GMI Trust Unitholder's proportionate share of such net capital gain. However the GMI Trust Unitholder will be entitled to apply any CGT discount to which that GMI Trust Unitholder is entitled. Where discount capital gains treatment has been applied in calculating the net capital gain at the GMI Trust level, the GMI Trust Unitholder will initially be required to gross-up the amount of the net capital gain (i.e. effectively reverse the effect of the discount).

To the extent that a GMI Trust Unitholder receives a distribution from GMI Trust that does not represent a distribution of the GMI Trust Unitholder's share of the taxable income of GMI Trust, that amount will generally not be immediately taxable. However, that amount will reduce the cost base and reduced cost base of the relevant GMI Trust Units. These amounts are often called the tax deferred or non-assessable component of the distribution. Once the GMI Trust Unitholder exhausts the GMI Trust Unitholder's cost base in the relevant GMI Trust Units, the tax deferred component of distributions will give rise to an immediate capital gain. If a GMI Trust Unitholder is an individual, complying superannuation entity or trustee, that GMI Trust Unitholder may be eligible to apply the CGT discount in respect of such capital gains where the GMI Trust Unitholder has held the GMI Trust Unit for longer than 12 months.

Where a distribution from GMI Trust includes foreign-sourced income and foreign taxes have been paid in relation to this income, Australian resident GMI Trust Unitholders are generally entitled to receive a foreign tax offset for an amount equal to the lesser of the foreign tax paid and the Australian tax payable in respect of such income.

#### (b) Non-Residents

GMI Trust will not qualify as a managed investment trust for withholding tax purposes because the investment management activities in respect of GMI Trust will be carried on outside Australia by BlackRock.

For each income year, a non-resident GMI Trust Unitholder will be required to lodge an Australian tax return and include in their assessable income certain components of the share of the taxable income of GMI Trust in the proportion to which they are presently entitled to the distributable income of GMI Trust. BAM, as trustee of GMI Trust, will also be liable to pay tax on those components and each non-resident GMI Trust Unitholder will

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be entitled to a credit for the amount of tax paid in relation to that non-resident GMI Trust Unitholder by BAM, as trustee of GMI Trust.

The relevant components of taxable income on which BAM, as trustee of GMI Trust, will be liable to pay tax are:

- Australian source income, other than as set out below; and
- capital gains in respect of taxable Australian property, grossed up for any CGT discount that has been applied at the GMI Trust level. Taxable Australian property includes direct, and certain indirect, interests in real property situated in Australia.

The rate at which BAM, as trustee of GMI Trust, will be required to pay tax on those amounts is:

- in respect of non-resident GMI Trust Unitholders which are companies, 30%; and
- in respect of all other non-resident GMI Trust Unitholders, between 32.5% and 45% depending on the amount of the payment.

The relevant components will not include amounts attributable to trust income comprising:

- interest, royalties or dividends (however, distributions attributable to such trust income may be subject to withholding tax – see below);
- capital gains in respect of CGT assets that are not taxable Australian property;
- tax deferred distributions; and
- foreign source income.

In respect of the interest, dividend and royalty components of distributions, BAM, as trustee of GMI Trust, will also be required to deduct withholding tax from any amounts distributed to non-resident GMI Trust Unitholders.

For distributions from GMI Trust attributable to:

- interest income of GMI Trust, the withholding tax rate is generally 10% unless a lower rate applies pursuant to an applicable tax treaty or other exemption;
- unfranked dividends received by GMI Trust, the withholding tax rate is generally 30%. However, for residents of countries with which Australia has entered into a tax treaty, the rate of withholding on such distributions is generally reduced to 15%;
- fully franked distributions received by GMI Trust, no withholding tax will apply; and
- royalty income of GMI Trust, the withholding tax rate is generally 30%. However, for residents of countries with which Australia has entered into a tax treaty, the rate of withholding on such distributions is generally reduced to 10% (or in some cases 5%).

The interest, dividend and royalty withholding taxes represent a final tax liability for non-resident GMI Trust Unitholders for these amounts in respect to Australian tax authorities (i.e. there is no further tax on an assessment basis in respect of these amounts).

To the extent the unfranked component of a distribution is paid out of conduit foreign income for Australian taxation purposes then the amount is exempt from dividend withholding tax.

### 3.3 Withdrawals from GMI Trust

The comments below apply to the extent that the withdrawal price is a distribution of the capital of GMI Trust.



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### (a) Australian Residents

Upon withdrawal from GMI Trust, a GMI Trust Unitholder will make a capital gain if the consideration for the withdrawal (i.e. the withdrawal price) exceeds the cost base of the GMI Trust Unit.

A GMI Trust Unitholder will make a capital loss if the consideration for the withdrawal (i.e. the withdrawal price) is less than the reduced cost base of that Unit.

In broad terms, the cost base of a GMI Trust Unit is usually the amount the GMI Trust Unitholder paid for them (including incidental costs of acquisition and disposal) less any reductions, for example, resulting from tax deferred components. The GMI Trust Units acquired by GMI Trust Unitholders pursuant to the Restructure will have an initial cost base equal to the market value of the units which will be equal to the of the *in specie* return of share capital and any special dividend.

If a GMI Trust Unitholder is an individual, a complying superannuation entity or a trustee and acquired (or is taken to have acquired) for CGT purposes GMI Trust Units at least 12 months prior to the date of their disposal (or other eligible CGT event happening in relation to the GMI Trust Unit), the amount of the GMI Trust Unitholder's capital gain is reduced by the relevant CGT discount. In calculating the GMI Trust Unitholder's capital gain, the cost base must not be indexed.

In calculating the period of 12 months for CGT purposes, GMI Trust Units acquired pursuant to the Restructure are considered to have been acquired on the Implementation Date, which is expected to be 27 November 2012.

If a GMI Trust Unitholder who is an individual or trustee applies the CGT discount method, the GMI Trust Unitholder's taxable capital gain (after offsetting any current year capital losses or carry forward net capital losses from previous years) will be reduced by one-half (or one-third if the GMI Trust Unitholder is a complying superannuation entity).

If the GMI Trust Unitholder is a company, the CGT discount is not available.

### (b) Non-Residents

Based on the assumption that there are no non-resident GMI Trust Unitholders who, together with associates, hold an interest of 10% or more in the GMI Trust Units, or who hold their Units on revenue account or who hold their Units in carrying on a business in Australia through a permanent establishment, there will be no CGT consequences for a non-resident GMI Trust Unitholder on withdrawal from GMI Trust.

## 3.4 Disposal of GMI Trust Units

The comments in section 3.3 above in respect of withdrawals apply equally in respect of disposals of GMI Trust Units.

## 4 Goods and Services Tax ("GST")

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GST should not generally be payable in respect of the transactions outlined above. As these all involve dealings with securities, the various supplies will be input taxed (i.e. not subject to GST).

There may be an indirect GST cost for GMI Shareholders and GMI Trust Unitholders who are registered for GST as input tax credits will generally not be available for GST charged to the acquirer in respect of supplies relating to the dealings with GMI Shares or GMI Trust Units (e.g. legal and other adviser fees).

## 5 Other issues

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Although GMI Trust Unitholders who obtain GMI Trust Units under the Restructure may have already provided their TFN or ABN or exemption to GMI, legislation prevents GMI from disclosing that information to GMI Trust. Accordingly, if those GMI Trust Unitholders do not provide their TFN or ABN or exemption to GMI Trust, tax may be withheld from their distributions (see Section 7.12 of the Explanatory Memorandum for further details).

GMI Trust Unitholders are not obliged to provide their TFN or ABN to GMI Trust. However, if a GMI Trust Unitholder does not provide their TFN or ABN or exemption, tax may be withheld at a rate of 46.5% on any gross distributions made by GMI Trust but the GMI Trust Unitholder will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

Yours sincerely



**Toby Eggleston**  
Director  
Greenwoods & Freehills

## 7 ADDITIONAL INFORMATION

### 7.1 TRUST CONSTITUTION

#### (a) General

Under the Trust Constitution, BAM is appointed and agrees to act as responsible entity of GMI Trust, and holds all the cash, investments, rights and other property of GMI Trust on trust for the Unitholders. The beneficial interest in the assets is divided into Units, which confer an interest in the assets as a whole (subject to GMI Trust's liabilities). Units are issued and held in accordance with the terms of the Trust Constitution.

GMI RE has day to day control of the operation of GMI Trust, and may determine the manner in which it exercises its powers and performs its duties.

#### (b) Issue of further units

Following Implementation, GMI RE may at any time issue further units in GMI Trust to existing Unitholders or to new investors. The issue price for each Unit will be equal to the net asset value of GMI Trust divided by the number of Units on issue at that point in time, plus a transaction charge.

GMI RE may determine a minimum subscription amount. However, under the Trust Constitution, applications by Unitholders who were Shareholders of GMI immediately prior to Implementation of the Restructure will not be subject to minimum subscription requirements.

#### (c) Withdrawal

The withdrawal process in respect of Units is described in sections 3.5(e) and 3.5(f).

#### (d) Powers of GMI RE

Under the Trust Constitution, GMI RE has all the legal capacity and powers that it is possible under law to confer on a trustee, and has all the powers that are incidental to ownership of the assets of GMI Trust as though it were the absolute and beneficial owner of the assets. Among other things, GMI RE has the power to borrow or raise money, encumber assets, grant securities, incur liabilities, grant indemnities or guarantees, enter into derivatives or joint venture arrangements or fetter any of its powers.

GMI RE may invest in, acquire, dispose of or otherwise deal with any real or personal property and rights of GMI Trust in its absolute discretion, and invest the assets of GMI Trust as it sees fit. GMI RE may delegate performance of any of its duties or powers to any person, and may appoint any person to acquire, hold title to, dispose of or otherwise deal with any assets of GMI Trust on behalf of GMI RE.

#### (e) Income and distributions

GMI RE may at any time distribute to Unitholders income or capital out of GMI Trust. For each distribution period GMI RE must calculate and distribute each Unitholder's 'distribution entitlement', being their proportionate share of the 'distributable amount', calculated on the day on which distributions are determined. GMI RE has confirmed that it expects that distributions will normally be made annually for the period ending 30 June.

On a redemption or transfer of units, the redeeming or transferring Unitholder ceases to be entitled to receive distributions on the Units to be redeemed or transferred on the date a redemption request or transfer form is received by GMI RE (or if the request or transfer form is received on a day other than a business day or after 2:00pm on a business day, the next business day).

The 'distributable amount' is an amount equal to the net taxable income of GMI Trust, excluding non cash taxable items, for the distribution period plus any additional amount (including capital) that GMI RE has determined is to be distributable to Unitholders, less any part of the operating income of GMI RE which has already been distributed in the relevant distribution period.

Any distribution to Unitholders will be made following the calculation of distributions on a date determined by GMI RE.

Distributions paid to Unitholders who receive their Units under the Restructure will be paid by cheque or direct credit unless Unitholders have elected to have their distributions reinvested into further Units. GMI RE may retain from the amounts to be distributed to a Unitholder an amount in or towards satisfaction of any amount payable by the Unitholder to GMI RE under the Trust Constitution, or as required to be deducted by law.

Additional information on distributions is provided in the PDS.

#### (f) Remuneration of GMI RE

Details of the remuneration payable to GMI RE under the Trust Constitution is contained in section 6 of the PDS (and in the additional information incorporated by reference into the PDS).

The Trust Constitution does not provide for any underperformance of GMI's portfolio (relative to the benchmark) as at the Implementation Date to be "carried forward" for the purposes of calculating the performance fee payable to BAM as responsible entity of GMI Trust. However, BAM has agreed to waive its right to the performance fee as responsible entity of GMI Trust until such time as that underperformance is made up.

#### (g) Indemnity of GMI RE

GMI RE is indemnified for, and entitled to be reimbursed out of or to have paid from the assets of GMI Trust, all costs incurred in the proper performance of its duties or exercise of its powers in relation to the administration or management of GMI Trust.

#### (h) Change of responsible entity

While GMI Trust remains an unlisted registered managed investment scheme, if GMI RE wants to retire as responsible entity or Unitholders want to replace GMI RE, a meeting of Unitholders must be called to vote on an extraordinary resolution (at least 50% of all votes entitled to be cast) to choose a new responsible entity. The new responsible entity must be a public company and hold an appropriate Australian Financial Services Licence, and must consent in writing to becoming the new responsible entity.

#### (i) Liability of Unitholders

Under the terms of the Trust Constitution, the liability of each Unitholder in its capacity as Unitholder is limited to its investment in GMI Trust.

#### **(j) Alterations to Trust Constitution**

While GMI Trust continues to be a registered managed investment scheme, the constitution may be modified only in accordance with the Corporations Act.

#### **(k) Complaints**

While GMI Trust remains a registered scheme, it is required to maintain a formal complaints procedure. Further detail in relation to this is available in the PDS.

### **7.2 GMI TRUST PRODUCT DISCLOSURE STATEMENT**

In addition to this Explanatory Memorandum, Shareholders will have received an accompanying PDS (including certain information which has been incorporated by reference into the PDS). The PDS contains further information about GMI Trust, including details regarding:

- GMI RE;
- how GMI Trust works;
- the benefits of investing in GMI Trust;
- the risks of managed investment schemes;
- how GMI RE will invest your money;
- fees and costs; and
- how GMI Trust is taxed.

Shareholders are encouraged to read the PDS in full in addition to this Explanatory Memorandum.

The PDS is issued by GMI and applies solely in relation to the Units to be distributed by GMI to Shareholders under the Restructure. A separate PDS will be issued by GMI RE in relation to any additional Units to be issued by GMI RE to new or existing investors following the Restructure.

Shareholders do not have to complete an application form in relation to the Units to be distributed by GMI to Shareholders under the Restructure.

### **7.3 ASSET SALE DEED**

The Asset Sale described in section 3.3 of this document is to be implemented by the Asset Sale Deed. The Asset Sale Deed was entered into between GMI and GMI RE on or about 2 October 2012. Completion of the Asset Sale is conditional on Shareholders approving the Restructure Resolutions.

Under the Asset Sale Deed, on the Implementation Date, GMI will transfer all of its assets to GMI RE in consideration for:

- GMI RE issuing to GMI, Units in GMI Trust with a value equal to the market value of GMI's assets less the market value of all existing liabilities of GMI assumed by GMI RE as at Implementation; and
- GMI RE assuming all existing liabilities of GMI and indemnifying GMI for any future liabilities incurred by GMI.

The assets that will be transferred by GMI to GMI RE include GMI's cash, investment portfolio (including any rights attached to the securities held by GMI, such as rights to distributions or dividends) and receivables (including amounts in respect of unsettled sales of securities). The liabilities that will be assumed by GMI RE will be all of GMI's existing liabilities as at the Implementation Date.

The indemnity provided by GMI RE under the Asset Sale Deed requires GMI RE to indemnify GMI for any losses, liabilities, damages, costs, charges and expenses (including any taxes and duties) that are suffered or incurred by GMI after Implementation in relation to any matter whatsoever, including any costs incurred by GMI in undertaking a voluntary winding up.

Under the Asset Sale Deed, GMI agrees that it will carry on its business materially in the ordinary course up until Implementation, and after Implementation will use its best endeavours to undertake a voluntary winding up as soon as practicable, including by convening a meeting of Shareholders to approve the voluntary winding up. Following Implementation, GMI agrees not to carry on any business other than as required to effect a voluntary winding up. GMI RE is not liable under the indemnity for loss suffered by GMI as a result of GMI failing to comply with these obligations. GMI must also pay to GMI RE any and all amounts received by GMI following Implementation.

Under the Asset Sale Deed, GMI and GMI RE agree to use all reasonable endeavours to terminate the agreements GMI has with its existing service providers, and replace these with new agreements between GMI RE and the relevant service provider (or a replacement selected by GMI RE). These agreements include the investment management agreement by which BlackRock provides its services (described in section 7.5), and the agreements with other service providers which are described generally in section 7.6.

Under the Asset Sale Deed, both GMI and GMI RE provide power and authority warranties. GMI also warrants that it is the owner of the assets to be sold under the Asset Sale Deed, and that GMI RE will acquire full ownership of the assets (subject to the custodian arrangements applicable to the investment portfolio, and the terms of the Trust Constitution).

### **7.4 BAM MANAGEMENT AGREEMENT**

Under a management agreement entered into between GMI and BAM in February 2004 and renewed in April 2009 (BAM Management Agreement), BAM agrees to manage the assets of GMI to seek to maximise capital growth from investing globally in a portfolio of predominantly metal and mining companies (subject to certain restrictions). BAM has outsourced investment management services to BlackRock (see section 7.5). BAM also provides administrative services (being company secretarial services, accounting and finance services, shareholder services, distribution services and office support services).

GMI and BAM have agreed to terminate the BAM Management Agreement with effect from Implementation. On termination, GMI will pay BAM any outstanding payments due in respect of services provided by BAM to GMI under the BAM Management Agreement until the Implementation Date.

BAM has been appointed as responsible entity of the newly established GMI Trust (see section 3.5(b)).

## 7.5 BLACKROCK INVESTMENT MANAGEMENT AGREEMENT

As manager of GMI, BAM currently outsources investment management services to BlackRock Investment Management (UK) Limited, under an investment management agreement. Pursuant to this agreement, the natural resources team from BlackRock manages the assets of GMI to seek to maximise capital growth from investing globally in a portfolio of predominantly metal and mining companies (subject to certain restrictions). BlackRock (then known as Merrill Lynch Investment Managers Limited) was initially appointed as the investment manager in February 2004. The current investment management agreement was entered into in April 2009.

GMI, BAM and BlackRock have agreed to terminate the investment management agreement with effect from Implementation. On termination, BAM will pay BlackRock any outstanding payments due in respect of services provided by BlackRock under the investment management agreement until the Implementation Date.

However, BlackRock International Limited (a related entity of BlackRock Investment Management (UK) Limited) has agreed to continue as the investment manager of GMI Trust should the Restructure be implemented. BlackRock International Limited's services will be provided to GMI RE under a new investment management agreement dated on or about 2 October 2012.

The key features of the new investment management agreement are:

- BlackRock will manage the assets of GMI Trust (the "Fund") with a view to maximising capital growth from investing globally in a portfolio of predominantly metal and mining companies, subject to certain specified restrictions including the following:
  - the Fund will not hold any metal in physical form;
  - the Fund must not hold more than 10% of the issued capital of any investee entity;
  - no more than 15% of the value of the Fund may be held in any one investee entity;
  - the Fund shall include no fewer than 25 investments at all times;
  - BlackRock shall have power to supplement the Fund by borrowing, provided that no such borrowing shall exceed the lesser of \$20 million (or such other amount advised by GMI RE), 20% of the Fund from time to time and 25% of the value of the net assets of GMI Trust from time to time, less certain specified assets which have a potentially greater risk profile (including unlisted equities and listed equities in emerging markets);
  - BlackRock will not engage in stock lending and will not short sell investments; and
  - BlackRock may purchase or sell options or warrants, and may seek permission from GMI RE to deal in other derivative instruments, including exchange traded and over the counter derivatives.
- BlackRock may deal in derivatives for hedging and other purposes. Please refer to the PDS accompanying this Explanatory Memorandum for further information regarding the use of derivatives by the Fund.
- BlackRock is required to act in good faith and with reasonable skill and care. Subject to the specified investment restrictions, BlackRock will have full authority and discretion over GMI Trust's investment portfolio and will act as it considers appropriate in relation to the management of the portfolio, subject to applicable law and regulations. BlackRock's appointment to manage the assets of GMI Trust is exclusive. BlackRock may also provide additional services on request by GMI RE;
- BlackRock is entitled to a management fee and a performance fee which are payable by BAM in its personal capacity. BlackRock is also entitled to all costs properly incurred under the agreement;
- BlackRock may not delegate any of its functions under the agreement which involve the exercise of its discretionary management powers without the consent of GMI RE, which must not be unreasonably withheld or delayed in the case of delegation by BlackRock to affiliated companies;
- BlackRock must supply GMI RE with quarterly performance data and such other reports as are agreed, and must assist GMI RE in meeting GMI RE's regulatory, financial and marketing obligations in respect of GMI Trust. BlackRock must promptly advise GMI RE on becoming aware of any event which has a significant effect on the Fund or which would cause a material breach of the agreement;
- BlackRock must effect transactions for GMI Trust in accordance with BlackRock's order execution policy, in the best interests of GMI RE and in compliance with applicable obligations regarding best execution under the rules of the Financial Services Authority (United Kingdom). In the case of any actual or potential conflict of interest of BlackRock, BlackRock must ensure that the relevant transaction is effected on terms which are not materially less favourable to GMI RE;
- BlackRock is liable to GMI RE for loss only to the extent that such loss is due to the negligence, wilful default or fraud by BlackRock or its delegates, or any of their employees (**BlackRock Fault**). GMI RE indemnifies BlackRock, its delegates and any of their employees for any costs, loss, liability or expense suffered by any of them directly or indirectly in connection with their services under the agreement except to the extent such costs, losses, liabilities or expenses are due to BlackRock Fault;
- GMI RE may terminate the agreement by notice in writing at any time. BlackRock may terminate the agreement without cause on three months notice, and may terminate the agreement immediately in certain specified circumstances, including in the event of material breach or an insolvency event affecting GMI RE, if required to do so by any regulatory authority, or if the general security agreement entered into by GMI RE with NAB in connection with the overdraft facility crystallises or otherwise takes effect over all or part of the assets of the GMI Trust.

## 7.6 OTHER SERVICE PROVIDER ARRANGEMENTS

GMI currently receives services from a number of other service providers. Such services include fund administration services from National Australia Bank Limited, custodian services and overdraft facility from Bank of New York Mellon International Limited and registry services from Link Market Services Limited. As part of the Restructure, all of GMI's assets and liabilities will be transferred to GMI Trust, and GMI will subsequently be wound up (subject to shareholder approval being obtained). Accordingly, GMI's relationships with its existing service providers will be terminated with effect from, or shortly after, Implementation.

GMI RE has entered into new agreements with the following service providers with effect from Implementation of the Restructure.

- Link Market Services Limited (**Link**), which will be the unit registry service provider for GMI Trust; and
- National Australia Bank Limited (**NAB**), which will be the custodian and overdraft facility provider (replacing Bank of New York Mellon International Limited) and also the fund administrator for GMI Trust.

The agreements with Link and NAB are on terms which are reasonably standard for service agreements of this nature.

Under the overdraft facility, NAB agrees to provide GMI RE with an overdraft of up to the lesser of \$20 million or 25% of the value of the net assets of GMI Trust from time to time less the value of certain specified assets which have a potentially greater risk profile (including unlisted equities and listed investments in emerging markets). The overdraft facility is subject to review by NAB annually and in the event of a change of control of GMI RE. The overdraft facility provides NAB with termination rights on default by GMI RE, on terms which are usual for agreements of this nature.

The main differences between GMI's existing service provider arrangements and the service provider arrangements for GMI Trust (including in relation to costs) are set out in sections 3.5(b), 3.5(c), 3.5(d), 4.1(c), and 4.2(g).

## 7.7 FINANCIAL INFORMATION

As a listed disclosing entity, GMI's financial accounts are lodged with the ASX. GMI's most recent yearly and half yearly accounts are available from [www.asx.com.au](http://www.asx.com.au).

GMI Trust will also be a disclosing entity, but will not be listed. Accordingly, GMI Trust's financial accounts will be lodged with ASIC rather than ASX, and Unitholders may contact ASIC to obtain a copy of GMI Trust's accounts. GMI RE has confirmed that the accounts of GMI Trust will also be available on GMI Trust's website ([www.globalmining.com.au](http://www.globalmining.com.au)), and Unitholders will be able to request a copy of GMI Trust's accounts from GMI RE.

## 7.8 REGULATORY RELIEF

GMI has obtained the following regulatory relief from ASIC and ASX in relation to the Restructure:

### (a) ASIC relief

ASIC has granted:

- relief from the requirement to comply with the provisions regarding cooling-off periods in Division 5 of Part 7.9 of the Corporations Act in relation to the Units to be distributed by GMI to Shareholders under the Restructure; and
- transitional relief from Class Order 12/749 so as to allow GMI to issue the PDS in the form of a short-form PDS which complies with the requirements of Schedule 10E of the Corporations Act.

### (b) ASX relief

GMI has obtained confirmation from ASX that, on receipt of an application from GMI under ASX Listing Rule 17.11, ASX would be likely to agree to remove GMI from the official list of ASX, subject to compliance with certain standard conditions precedent.

## 7.9 THE CAPITAL REDUCTION RESOLUTION

If the Restructure is implemented, Shareholders will receive Units in GMI Trust by way of an in specie distribution by GMI to Shareholders in the form of an equal capital reduction under the Corporations Act. To the extent that the value of the Units to be distributed by GMI to Shareholders exceeds GMI's share capital account balance (approximately \$211.1 million in total or approximately \$1.16 per Share), the additional Units will be distributed pro-rata to Shareholders by way of a Special Dividend.

As provided in section 256B of the Corporations Act, GMI may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice GMI's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act

Pursuant to section 256C of the Corporations Act, an equal capital reduction must be approved by an ordinary resolution passed at a general meeting of GMI.

The Directors are of the view that the capital reduction proposed pursuant to the Restructure Resolutions is fair and reasonable to Shareholders for the reasons set out in this Explanatory Memorandum and that the reduction of capital will not prejudice GMI's ability to pay its creditors, in particular because GMI Trust will assume all existing liabilities and indemnify GMI against all future liabilities under the Asset Sale Deed (see section 7.3).

## 7.10 RELATED PARTIES

Lewis Bell, one of the directors of GMI is also:

- a shareholder and director of Bell Group Holdings Pty Ltd which owns 70% of Bell Asset Management (Holdings) Limited; and
- a director of Bell Asset Management (Holdings) Limited.

Bell Asset Management (Holdings) Limited owns 80% of BAM, the current manager of GMI and the responsible entity of GMI Trust.

Lewis Bell has an interest in 1,949,123 GMI Shares, which includes 1,380,000 Shares which are held by Bell Potter Securities Limited (**BPSL**) (a company related to Lewis Bell). Under an agreement between BAM and BPSL, BPSL receives part of the management and performance fee received by BAM from GMI under the existing management agreement, and this arrangement is expected to continue in respect of management and performance fees to be received by BAM as responsible entity of GMI Trust following the Restructure.

Further, currently BPSL may receive brokerage from GMI. However any allocation of brokerage is at the discretion of BlackRock as the investment manager. BPSL is expected to continue to receive brokerage (at the discretion of BlackRock) following the Restructure.

John Robinson and Lynette Gearing, both independent non-executive directors of GMI, do not have any interests in the outcome of the Restructure Resolutions, other than in their capacity as GMI Shareholders. John Robinson has an interest in 160,000 GMI Shares, and Lynette Gearing has an interest in 2,000 GMI Shares.

## 7.11 TRANSFER OF SHAREHOLDER INFORMATION

As a consequence of the Restructure, Shareholders will become Unitholders of GMI Trust. To register Shareholders as Unitholders, GMI will need to provide certain shareholder details to GMI RE and its unit registry, Link Market Services Limited, which is also GMI's existing share registry service provider. These details include Shareholders' registered name and address, payment instructions, holding balance, email address, telephone, mobile and fax numbers, communication preference and reinvestment instructions.

GMI RE and Link will hold and use Shareholders' personal information in order to service their needs as an investor, provide facilities and services that they request and carry out appropriate administration. GMI RE and Link may disclose Shareholders' personal information as required by law and may also disclose Shareholders' personal information for purposes related to their investment to related bodies corporate, agents and service providers of GMI RE and Link, including printers and mailing houses in connection with holder information and communications, and lawyers, accountants, auditors and business consultants to obtain advice. To request access to their personal information held by or on behalf of GMI RE or Link, Shareholders should contact Link on 1300 554 474 (if calling within Australia) or +612 8280 7111.

## 7.12 TAX FILE NUMBERS

Due to the operation of specific provisions of the *Privacy Act 1988* (Cth) and the *Taxation Administration Act 1953* (Cth), GMI may not disclose the Tax File Numbers (TFNs) of Shareholders to third parties (which includes GMI RE), so Shareholders' TFNs will not be transferred.

GMI understands that if the Restructure is approved by GMI Shareholders, GMI RE intends to provide GMI Shareholders who have become GMI Trust Unitholders with a form requesting them to provide their TFN or ABN or exemption to GMI RE. GMI Trust Unitholders are not obliged to provide their TFN or ABN to GMI RE. However, if a GMI Trust Unitholder does not provide their TFN or ABN or exemption, tax may be withheld at a rate of 46.5% on any gross distributions made by GMI Trust but the GMI Trust Unitholder will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

## 8 GLOSSARY

<b>AGM</b>	the annual general meeting of Shareholders to, among other things, consider and vote on the Restructure Resolutions to be held at Park Hyatt Melbourne, 1 Parliament Square, off Parliament Place, Melbourne, Victoria, 3002 at 10:00am on Tuesday, 13 November 2012.
<b>Asset Sale</b>	the transfer by GMI of all its assets to GMI RE in exchange for the issue of Units in GMI Trust to GMI, and GMI RE assuming all existing liabilities of GMI and indemnifying GMI for all future liabilities.
<b>Asset Sale Deed</b>	the Deed entered into between GMI and GMI RE dated on or about 2 October 2012 in relation to the Asset Sale.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange (as applicable).
<b>ASX Listing Rules</b>	the official listing rules of ASX.
<b>BAM</b>	Bell Asset Management Limited ACN 092 278 647, AFSL 231091.
<b>BlackRock</b>	BlackRock Investment Management (UK) Limited or BlackRock International Limited as the case may be (both BlackRock Investment Management (UK) Limited and BlackRock International Limited are wholly owned subsidiaries of BlackRock Inc).
<b>Capital Reduction</b>	the capital return to Shareholders proposed to be made by GMI by way of a distribution of Units in GMI Trust.
<b>CGT Election</b>	an election to apply the capital gains tax provisions for the taxation of gains and losses on the disposal of most types of assets (including shares).
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Delisting</b>	the removal of GMI from the official list of the ASX.
<b>Directors</b>	the directors of GMI.
<b>Explanatory Memorandum</b>	this document.
<b>FY12</b>	the financial year ending 30 June 2012.
<b>GMI</b>	Global Mining Investments Ltd ACN 107 772 467.
<b>GMI RE</b>	BAM (in its capacity as the responsible entity of GMI Trust) or any replacement responsible entity of GMI Trust, as applicable.
<b>GMI Tax Consolidated Group</b>	the income tax consolidated group formed by GMI as part of the Restructure.
<b>GMI Trust</b>	Global Mining Investments Trust ARSN 160 079 541, an unlisted registered managed investment scheme, the responsible entity of which is BAM and the units in which are wholly-owned by GMI as at the date of this Explanatory Memorandum.
<b>Implementation</b>	the completion of the Asset Sale, Capital Reduction and Special Dividend (if applicable).
<b>Implementation Date</b>	the date on which the Restructure will be implemented, which is expected to be approximately 2 weeks after passage of the Restructure Resolutions.
<b>Initial Withdrawal</b>	a withdrawal made in accordance with the process described in section 3.5(f).
<b>Link</b>	Link Market Services Limited.
<b>Liquid</b>	at least 80% of the value of GMI Trust's assets constitute 'liquid assets' as defined in section 601KA of the Corporations Act.
<b>NAB</b>	National Australia Bank Limited.
<b>Notice of Meeting</b>	the Notice to Shareholders dated 10 October 2012 which accompanies this Explanatory Memorandum.



<b>NTA per Share</b>	<p>the net tangible assets of GMI on a post tax basis (after taking into account both realised and unrealised gains and losses), divided by the number of Shares on issue. The net tangible assets of GMI is equal to its tangible assets less its liabilities.</p> <p>GMI's tangible assets consist principally of its investments in listed and unlisted mining companies but also includes its current assets (for instance its holdings of cash and cash equivalents and receivables due to it). GMI's liabilities include its payables, bank overdraft and deferred tax liabilities.</p>
<b>PDS</b>	the product disclosure statement accompanying this Explanatory Memorandum issued by GMI in connection with the transfer of Units under the Restructure, including the additional information incorporated by reference into the product disclosure statement.
<b>Record Date</b>	the date for determining a person's entitlement to participate in the Restructure based on registration as a holder of Shares in the GMI's register, being 7:00pm (Melbourne time) on Friday, 23 November 2012.
<b>Registry</b>	Link Market Services Limited.
<b>Resolutions</b>	the Resolutions set out in the Notice of Meeting.
<b>Restructure</b>	the proposed restructure explained in section 3 of this Explanatory Memorandum.
<b>Restructure Resolutions</b>	the resolutions relating to the Restructure described in the Notice of Meeting, being resolutions 3, 4 and 5.
<b>Share</b>	an ordinary share in GMI.
<b>Shareholder</b>	a person who holds Shares.
<b>Special Dividend</b>	the special dividend (if any) proposed to be paid by GMI in connection with the Restructure.
<b>Trust Constitution</b>	the trust deed entered into by BAM dated 27 August 2012 establishing GMI Trust.
<b>Unit</b>	a unit in GMI Trust.
<b>Unitholder</b>	a person who holds Units.

# CORPORATE DIRECTORY

## **Registered Office**

Level 20, 101 Collins Street  
Melbourne VIC 3000

## **Board of Directors**

John Robinson  
Lewis Bell  
Lynette Gearing

## **Manager**

Bell Asset Management Limited  
Level 20, 101 Collins Street  
Melbourne VIC 3000  
AFSL No: 231091

## **Investment Manager**

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London EC2NDL

## **Legal Adviser**

Herbert Smith Freehills  
Level 43, 101 Collins Street  
Melbourne VIC 3000

## **Registry**

Link Market Services Limited  
Level 1, 333 Collins Street  
Melbourne VIC 3000



Level 20, 101 Collins Street  
Melbourne VIC 3000

# PRODUCT DISCLOSURE STATEMENT

DATE: 10 OCTOBER 2012

Issued by: **Global Mining Investments Limited**  
(ACN 107 772 467)  
**Responsible Entity –**  
**Bell Asset Management Limited**  
(ABN 84 092 278 647 AFSL 231091)

## TABLE OF CONTENTS

1	About Bell Asset Management Limited	2
2	How the Global Mining Investments Trust works	2
3	Benefits of investing in the Global Mining Investments Trust	3
4	Risks of managed investment schemes	4
5	How Bell Asset Management Limited invests your money	5
6	Fees and costs	6
7	How managed investment schemes are taxed	7
8	How to apply	7
9	Other information	8

### Contacting Bell Asset Management:

If you have any questions or would like more information including a copy of this PDS or any written information incorporated by reference:

Email: [info@bellasset.com.au](mailto:info@bellasset.com.au)

Telephone: (03) 8637 6000

Address: Level 20, 101 Collins Street, Melbourne, Victoria 3000

**This Product Disclosure Statement (“PDS”) is a summary of significant information and contains a number of references to important information (including information about fees ) each of which forms part of the PDS. You should consider that information before making a decision about the Units in the Fund. The information provided in this PDS is general information only and does not take into account your personal financial situation or needs, and you should obtain financial advice tailored to your personal circumstances.**

The offer of Units in the Fund to which this PDS relates is only in respect of Units to be distributed by GMI to its shareholders under the Restructure. The Responsible Entity has confirmed that it intends to offer Units in the Fund to the public following the Restructure and will issue a separate product disclosure statement in relation to such offer.

The offer to which this PDS relates is available only to persons receiving the PDS (electronically or otherwise) in Australia or New Zealand. This PDS was prepared in accordance with Subdivision 4.2C of Division 4 of Part 7.9 of the *Corporations Regulations 2001*. The information in this PDS is up to date as at the time of preparation. However, information relating to the Fund is subject to change from time to time. If there is any change in information prior to implementation of the Restructure which GMI considers is materially adverse to GMI shareholders, GMI will issue a new PDS.

### Important information for New Zealand investors

This offer of Units to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* and Regulations. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 (NZ)*. This offer and the content of this Product Disclosure Statement are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* and Regulations (Australia) set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the Units is not New Zealand dollars. The value of the Units will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Units to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars. The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

## 1 ABOUT BELL ASSET MANAGEMENT LIMITED

### RESPONSIBLE ENTITY

Bell Asset Management Limited (“**Responsible Entity**”) is the responsible entity of the Global Mining Investments Trust (“**Fund**”). It is solely responsible for the management of the Fund and has appointed BlackRock International Limited (“**BlackRock**” or “**Investment Manager**”) to perform its investment management functions, and National Australia Bank Limited to perform its custody and administration functions. The management of the Fund includes the day-to-day administration of the Fund. The Responsible Entity is required to ensure that the Fund is operated in accordance with the constitution of the Fund (“**Constitution**”) and the provisions of the Corporations Act.

The Responsible Entity is a privately owned investment management firm. It provides a range of investment products to wholesale and retail clients, and currently has total assets under administration or management in excess of A\$4 billion.

### INVESTMENT MANAGER

The investment manager of the Fund is BlackRock. The Responsible Entity has appointed BlackRock to make investment decisions in relation to the Fund on its behalf. BlackRock is part of BlackRock Inc, a global investment manager which is listed on the New York Stock Exchange and which had assets under management of over US\$3.5 trillion as at 30 June 2012. The group within BlackRock with responsibility for the day to day investment decisions of the Fund is the London based Natural Resources Team, who managed in excess of US\$30 billion in natural resources investments as at 30 June 2012.

## 2 HOW THE GLOBAL MINING INVESTMENTS TRUST WORKS

### ABOUT THE FUND AND STRUCTURE

The Fund is a registered managed investment scheme that is an unlisted Australian unit trust. The Fund comprises assets which are acquired by the Responsible Entity in accordance with the investment strategy for the Fund. The terms and conditions of the Constitution are binding on each Unit holder (and all persons claiming through them).

An investor’s interest in the Fund is represented by units (“**Units**”). Certain rights are attached to these Units and these rights are exercisable by the person who holds the Units (“**Unit holder**”). A Unit holder has an interest in the assets of the Fund as a whole, subject to the liabilities of the Fund. A Unit holder does not have an interest in any particular asset of the Fund.

### HOW DO YOU INVEST IN THE FUND?

Should the Restructure be approved by GMI shareholders, shareholders will receive one Unit for each share held in GMI as at the Record Date for the Restructure.

Shareholders who wish to acquire additional Units should contact the Responsible Entity to obtain a copy of the product disclosure statement to be issued in relation to the offer of Units in the Fund following the Restructure.

### HOW DO YOU WITHDRAW FROM THE FUND?

Unit holders can decrease their investment by making a withdrawal from the Fund. A withdrawal is made by lodging a withdrawal request with the Responsible Entity. The price at which Units are withdrawn (“**Withdrawal Price**”) is determined in accordance with the Constitution. The Withdrawal Price on a Business Day is, in general terms, equal to the net asset value of the Fund divided by the number of Units on issue and deducting transaction costs and other amounts determined by the Responsible Entity in respect of the withdrawal (“**sell spread**”). The Withdrawal Price will vary as the market value of assets in the Fund increases or decreases.

GMI shareholders who receive Units under the Restructure will have an initial opportunity to reduce or exit their investment following the Restructure by completing and lodging a withdrawal form no later than 2:00pm on Tuesday, 27 November 2012. The Withdrawal Price for initial withdrawals will be determined as at Tuesday, 11 December 2012 and announced on Friday, 14 December 2012. Proceeds for initial withdrawals will be paid by cheque on or around Monday, 17 December 2012. Withdrawals will be suspended between the date of implementation of the Restructure and Tuesday, 11 December 2012 (the date as at which the Withdrawal Price for initial withdrawals will be determined). Where withdrawal forms are received during the period of suspension, the Withdrawal Price will be calculated as at Wednesday, 12 December 2012.

For withdrawal requests received on or after Wednesday, 12 December 2012, a withdrawal request will need to be received by the registry by 2:00pm on a Business Day to receive the Withdrawal Price as at that Business Day. Where a withdrawal request is received after 2:00pm on a Business Day, or on a non-business day, the Withdrawal Price is determined as at the next Business Day. A withdrawal request received on or after Wednesday, 12 December 2012 will usually be satisfied within 10 Business Days.

In some circumstances, such as suspension of trading on a major stock exchange, Unit holders may not be able to withdraw their investment in the Fund within 10 Business Days. Further, if the Fund ceases to be liquid for the purposes of the Corporations Act, then Unit holders may only withdraw from the Fund in accordance with the terms of a withdrawal offer (if any) made by the Responsible Entity in accordance with the Corporations Act. There is no obligation on the Responsible Entity to make a withdrawal offer. The Responsible Entity has confirmed that it anticipates the Fund will generally be liquid.

The Responsible Entity is obliged to cancel units in circumstances where the continued holding of those Units by a Unit holder would be likely to result in adverse consequences for the Fund.

#### **SELL SPREAD ESTIMATE**

The Responsible Entity estimates that there will generally be a 0.15% sell spread. The sell spread is the Responsible Entity's estimate of the transaction costs that are incurred in selling the underlying assets of the Fund plus any other amounts incurred as a result of withdrawals. The Responsible Entity reserves the right to amend the sell spread at its discretion and without prior notice.

#### **MINIMUM INVESTMENT**

No minimum investment amount will apply to GMI shareholders who receive their Units under the Restructure.

#### **UNIT PRICING**

Unit prices are usually calculated each Business Day. The Responsible Entity has confirmed that it has established a formal written policy setting out the guidelines and factors to be taken into account when exercising any discretion in calculating unit prices (including determining the value of assets or liabilities). A copy of the unit pricing policy will be made available to Unit holders on request free of charge.

#### **DISTRIBUTION FREQUENCY**

The Responsible Entity has confirmed that it intends that distributions will normally be made annually for the period ending 30 June. A Unit holder's distribution for a distribution period will be a proportion of the distributable income for the Fund, such proportion to be determined by reference to the number of Units held by the Unit holder divided by the total number of Units on the last day of the distribution period. On a redemption or transfer of Units, the redeeming or transferring Unit Holder ceases to be entitled to receive distributions on the units to be redeemed or transferred on the date a redemption request or transfer form is received by the Responsible Entity (or if the request or transfer form is received on a day other than a Business Day or after 2:00pm on a Business Day, the next Business Day).

#### **DISTRIBUTION PAYMENT METHODS**

Distributions paid to Unit holders who receive their Units under the Restructure will be paid by cheque or direct credit facility unless Unit holders elect to have their distributions reinvested into further Units. For more information about distribution reinvestment, please contact the Responsible Entity.

#### **TRANSFERS**

Unit holders may transfer Units, subject to the procedure set out in the Constitution and the Corporations Act. The Responsible Entity in its discretion may refuse to register any transfer for any reason.

#### **REGISTER OF ALTERNATIVE FORMS OF REMUNERATION**

The Responsible Entity has confirmed that it maintains a register that documents where material alternative forms of remuneration are paid to certain advisers. The register is publicly available and a copy can be obtained by contacting the Responsible Entity on (03) 8637 6000.

### **3 BENEFITS OF INVESTING IN THE GLOBAL MINING INVESTMENTS TRUST**

#### **SIGNIFICANT FEATURES**

The Responsible Entity has confirmed that:

- it is intended that the Fund will provide exposure to a diverse portfolio of metal and mining companies with an emphasis on companies with high quality assets, strong management and robust balance sheets;
- it is intended that the Fund will have a focus on companies with long life, low cost, cash generating mining operations;
- the portfolio will incorporate a significant exposure to diversified companies;
- there will be a low emphasis on exploration companies;
- the portfolio will include many companies which are not listed on the Australian Securities Exchange, and will provide diversification to investors across both countries and commodities; and
- the Fund will be managed by the UK based BlackRock Natural Resources Team, which as at 30 June 2012 had over US\$30 billion in assets under management.

National Australia Bank Limited (AFSL 230686) has been appointed as the custodian and administrator of the Fund, and its role is limited to holding assets of the Fund and conducting the day-to-day administration of the Fund, other than registry services.

## SIGNIFICANT BENEFITS

The Responsible Entity has confirmed that the significant benefits of the Fund are expected to be:

- exposure to a fund that utilises a detailed and disciplined investment process to construct a portfolio of investments in high quality companies in a diverse range of countries and commodities;
- professionally managed fund investing in global markets, including companies and sectors which are not typically available on the Australian Securities Exchange;
- Responsible Entity remuneration which is partly determined by the performance of Units in excess of the performance of the Benchmark and which is intended to align the interests of the Responsible Entity and Fund investors; and
- an expert and stable investment team which applies a rigorous, disciplined, risk aware investment process.

## 4 RISKS OF MANAGED INVESTMENT SCHEMES

You should note all investments carry risk, different strategies may carry different levels of risk depending on the assets that make up the strategy, and assets with the highest long-term returns may also carry the highest level of short-term risk. The value of investments and returns will vary and future returns may differ from past returns. Returns are not guaranteed and you may lose some of your money. Laws affecting registered managed investment schemes may change in the future. When considering investing in a managed investment scheme, the appropriate level of risk for you will depend on your age, investment time frames, where other parts of your wealth are invested and your risk tolerance (that is, how prepared you are to lose the money you invest).

The significant risks of investing in the Fund are set out below. However, this is not an exhaustive list of all risks associated with investing in the Fund.

### MARKET RISK

The performance of the global investment market as a whole may impact on the Fund's investment returns. Some of the factors that influence the market include world economic activity, global interest rates, investor sentiment and world events.

### GEARING RISK

The Fund may borrow. If it does so, the impact of any fall in the value of the portfolio will be greater than if no money had been borrowed. Investors should refer to section 5 for information regarding the permitted level of borrowing.

### CURRENCY RISK

The Fund is denominated in Australian Dollars whereas the Fund's investments will be denominated in a range of currencies. The Responsible Entity has confirmed that the Fund will not hedge its exposure to foreign currency and will therefore be fully exposed to currency risk.

### FUND RISK

There are risks of investing in the Fund rather than investing directly in individual securities, including the risk that:

- the Fund terminates;
- the fees and expenses may increase;
- investments and withdrawals by one or more Unit holders may have an impact on other Unit holders;
- if a significant proportion of investors withdraw from the Fund (either immediately following the Restructure or subsequently), the remaining investors may be disadvantaged as a smaller number of investors will bear the same fixed costs; and
- there is a change in the responsible entity or the investment manager.

### DERIVATIVE RISK

Risks associated with using Derivatives might include the value of the Derivative failing to move in line with the asset underlying the Derivative and potential illiquidity of the Derivative. Use of Derivatives may adversely affect the Fund performance. Investors should refer to section 5 for information regarding the Fund's use of derivatives.

### SECURITY SPECIFIC RISK

Individual securities such as shares are exposed to corporate influences such as changes in a company's business environment and profitability which may cause the value of the company's securities to increase or decrease. This in turn may impact the value of Units.

The Responsible Entity has confirmed that it will, through the Investment Manager, seek to manage these risks by undertaking detailed analysis of the securities of individual companies and ensuring proper diversification across holdings and sectors. However, no assurance can be given that such action can remove these risks.

## **INDEMNITY**

Under the Asset Sale Deed entered into between the Responsible Entity and GMI in connection with the Restructure, the Responsible Entity has agreed to indemnify GMI (out of the assets of the Fund) for any losses, liabilities, damages, costs, charges and expenses (including any taxes and duties) of GMI after the Restructure. GMI currently expects that the liability to the Responsible Entity resulting from the indemnity will primarily be costs of the winding up of GMI which are expected to be approximately A\$20,000, and some residual costs relating to the Restructure that have not already been paid by GMI. If the indemnity is called on, this will reduce the assets of the Fund.

## **5 HOW BELL ASSET MANAGEMENT LIMITED INVESTS YOUR MONEY**

**The Fund offers only one investment option. You should consider the likely investment return, the risk, and your investment timeframe when choosing whether to invest in this option.**

### **WHAT DOES THE FUND INVEST IN?**

The Responsible Entity has confirmed that it intends that the Fund will generally aim to follow a strategic asset allocation guideline of 0 to 10 % in cash and 90 to 100% in listed and unlisted global equity, fixed interest and convertible securities in mining and metals companies. The Responsible Entity has confirmed that the Fund's use of Derivatives is expected to be limited to writing Exchange-traded Options (put and call) to generate income and forward foreign exchange contracts to cover the Fund's foreign exchange exposure between trade and settlement of securities. Please refer to the section on Derivative Risk above. BlackRock is permitted to borrow on behalf of the Fund, provided that the total borrowing at any time does not exceed the lesser of (a) A\$20 million (or such other amount determined by the Responsible Entity) (b) 20% of the Fund from time to time and (c) 25% of the value of the Fund, reduced by the value of certain assets which have a potentially greater risk profile.

### **WHAT IS THE FUND'S INVESTMENT RETURN OBJECTIVE?**

The Responsible Entity has confirmed that the investment objective of the Fund is to outperform the HSBC Global Mining Index (Capital Only) A\$ after management fees (but before taxes).

The Responsible Entity is permitted to change the investment objective of the Fund. The Responsible Entity has confirmed that if it proposes to change the investment objective of the Fund it will give at least 30 days notice of the proposed change to Unit holders.

### **WHAT IS THE SUGGESTED INVESTOR PROFILE AND MINIMUM TIME FRAME FOR INVESTMENT?**

An investment in the Fund is intended to be suitable for investors who wish to gain exposure to global resources securities, who have a low requirement for income and who have a moderate to high appetite for investment risk. The minimum suggested investment timeframe is five years.

### **RISK LEVEL**

The risk level of the Fund is high. The likelihood of the value of an investment in the Fund increasing or decreasing in the short term is relatively high compared to funds investing in other types of assets such as fixed interest or cash. However the Fund has the potential to produce higher or lower returns over the longer term than funds investing in other types of assets such as fixed interest or cash. See section 4 for more information about the risks of managed investment schemes.

### **STATEMENT REGARDING LABOUR STANDARDS AND ENVIRONMENT, SOCIAL AND ETHICAL CONSIDERATIONS**

The Responsible Entity has confirmed that its investment approach will be based on developing an in-depth understanding of the companies in the portfolio and focussing on the sustainability of the business model of the companies invested in. The Investment Manager may take labour standards and environmental, social and ethical considerations into account in its investment decision making process, to the extent such considerations may have a financial impact on investments.

### **SWITCHING**

Switching is not available for this Fund.



## 6 FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as a superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investment Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

TYPE OF FEES OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	<p>Management costs consist of<sup>1</sup>:</p> <p><b>Management fee:</b> up to 1.28%<sup>2</sup> per annum of the net asset value of the Fund;</p> <p><b>Normal operating expenses:</b> estimated cost of 0.41%<sup>2</sup> of the net asset value of the Fund, inclusive of the administration fee; and</p> <p><b>Performance fee:</b> assumed to be 0.31%<sup>2,3</sup> per annum of the net asset value of the Fund. This is up to 15% of the performance of Units in excess of the performance of the Benchmark over an annual performance period (assumed here to be 2%<sup>4</sup>) and assuming there is no underperformance from previous performance periods to be made up by subsequent excess performance.</p>

<sup>1</sup> Additional Fees may apply as specified in the document titled "Additional Information to the PDS" which accompanies this PDS.

<sup>2</sup> Inclusive of GST (net of RITCs).

<sup>3</sup> The amount for the Performance Fee is provided for illustrative purposes only and is not an indication, projection or forecast of the performance of the Fund. Actual performance, prices and returns may be significantly different to those illustrated. Whether or not the Performance Fee is payable is dependent on several factors, including the performance of Units, the level of the Benchmark on each business day in the relevant performance fee period and the amount of carried forward underperformance (if any). Accordingly, it is not possible to predict the amount of this fee with any certainty for the purposes of this fee table.

<sup>4</sup> This amount is provided for illustrative purposes only and is not an indication, projection or forecast of the performance of the Fund. Actual performance, prices and returns may be significantly different to those illustrated.

The information in the table above can be used to compare costs between different managed investment schemes. Fees and costs are deducted from the assets of the Fund and reduce the investment return to Unit holders.

### CHANGES IN FEES

The Responsible Entity may vary the fees specified at any time at its absolute discretion, without Unit holder consent, subject to the maximum fee amounts specified in the Constitution. The Responsible Entity has stated that if the variation is an increase it will give you 30 days advance written notice.

### EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

This table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare this Fund with other managed investment products.

<b>EXAMPLE</b>		
<b>Global Mining Investments Trust BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR</b>		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs	2.00% <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$999 each year.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from:  <b>\$999 to \$1,098<sup>2</sup></b>  <b>What it costs you will depend on the fees you negotiate with the Fund or your financial adviser.<sup>3</sup></b>

<sup>1</sup> This amount is inclusive of GST (net of RITCs). This includes an assumed 0.31% in relation to the Performance Fee. The amount for the Performance Fee is provided for illustrative purposes only and is not an indication, projection or forecast of the performance of the Fund. Actual performance, prices and returns may be significantly different to those illustrated. Whether or not the Performance Fee is payable is dependent on several factors, including the performance of Units, the level of the Benchmark on each business day in the relevant performance fee period and the amount of carried forward underperformance (if any). Accordingly, it is not possible to predict the amount of this fee with any certainty for the purposes of this fee table. Where fixed costs such as the Administration Fee are expressed as a percentage, an assumed fund value of \$200,000,000 has been used. In other words, in the example above, the Management Costs figure of 2.00% includes an administration fee of approximately 0.14%. The management fee is calculated daily on the value of the Fund gross of accrued management and performance fees and taxes. In the example above, the Management Costs figure includes an amount for the management fee, which assumes that the net asset value of the Fund remains constant.

<sup>2</sup> Additional Fees may apply:

**Establishment Fee** – \$nil

**And**, if you leave the Fund, you may also be charged **withdrawal fees** of \$nil.

<sup>3</sup> You should note that this example assumes a constant investment balance, comprising of \$50,000 at the beginning of the year, plus an additional \$5,000 contributed during the year. Management costs will also be charged in relation to any additional contributions you make during the year and the amount you pay will depend on the proportion of the year during which the additional contributions are invested. Please note there are no investment options in respect of this PDS.

Note: This is just an example for illustrative purposes only, and does not comprise a prediction of future performance. In practice, the actual investment balance of an investor will vary daily and the actual fees and expenses charged will be based on the value and performance of the Fund and Units, each of which fluctuates daily.

## CALCULATOR

The Australian Securities and Investments Commission provides a fees calculator on its MoneySmart website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) which can be used to calculate the effect of fees and costs on investment returns or account balances.

**Warning:** Additional fees may be payable to a financial advisor if a financial advisor is consulted. You should refer to the Statement of Advice provided to you by your financial adviser for details of these fees.

**You should read the important information about the fees and costs of the Fund before making a decision. Go to the document titled “Additional Information to the PDS” which accompanies this PDS for more information. The material relating to the fees and costs of the Fund may change between the time when you read this PDS and the day you acquire the Units.**

## 7 HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Warning:** Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

Registered managed investment schemes do not pay tax on behalf of members, and members are assessed for tax on any income and capital gains generated by the registered managed investment scheme.

## 8 HOW TO APPLY

### HOW TO INVEST IN THE FUND

Shareholders in GMI will receive a Unit for each share they hold in GMI at the Record Date if the shareholder resolutions outlined in the Explanatory Memorandum are passed. Further information in relation to this is available in the Explanatory Memorandum.

### COOLING-OFF

No cooling-off period applies to an investment in the Fund arising from the Restructure.

## COMPLAINTS HANDLING

The Responsible Entity has confirmed that it has established procedures for dealing with complaints.

If you have a complaint, you should contact the Responsible Entity's Investor Services team on (03) 8637 6000. Your complaint will be handled in accordance with the Responsible Entity's complaints handling procedures. The Responsible Entity will acknowledge receipt of your complaint within 5 Business Days and report to you on your complaint within 45 days of being notified of your complaint. Only direct Unit holders may lodge a complaint with the Responsible Entity.

If you have invested via an IDPS Service and have a concern, you should first contact the IDPS Operator of the IDPS Service through which you invested in the Fund.

If any issues remain unresolved, Unit holders can contact the Financial Ombudsman Service, an independent body approved by ASIC to consider complaints on 1300 78 08 08 or at the address below:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne VIC 3001

## 9 OTHER INFORMATION

### INTERESTS OF THE RESPONSIBLE ENTITY

Subject to the Corporations Act, the Responsible Entity and its associates may hold Units. Subject to the Corporations Act, the Responsible Entity is also permitted by the Constitution to deal with itself (as responsible entity of the Fund or in another capacity), an associate or any Unit holder.

### DISCLOSURE REQUIREMENTS

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from ASIC.

You have a right to obtain a copy of the annual financial report most recently lodged with ASIC by the Fund and any half-year financial report lodged with ASIC before the date of the PDS and after the last annual financial report, as well as any continuous disclosure notices given by the Fund after the lodgement of the last annual financial report and before the date of the PDS. The Responsible Entity has confirmed that the annual financial report of the Fund and continuous disclosure information in relation to the Fund will also be available on the Fund's website [www.globalmining.com.au](http://www.globalmining.com.au).

### CONSENTS AND DISCLAIMERS

Bell Asset Management Limited has consented to the inclusion in this PDS of the statements made by it, and statements said in this PDS to be based on statements made by it, in the form and context in which they have been included and has not withdrawn its consent as of the date of this PDS.

### DEFINITIONS

**"Asset Sale Deed"** means the deed entered into between GMI and the Responsible Entity dated on or about 2 October 2012 under which GMI agreed to transfer all its assets to the Fund in exchange for the issue of Units in the Fund to GMI, and the Responsible Entity assuming all existing liabilities of GMI and indemnifying GMI for all future liabilities.

**"Benchmark"** means the HSBC Global Mining Index (Capital Only) A\$.

**"Business Day"** means a day on which banks are open for business in Melbourne, other than a Saturday, Sunday, public holiday or any other day as determined by the Responsible Entity.

**"Corporations Act"** means the *Corporations Act 2001* (Cth).

**"Constitution"** means the constitution of the Fund.

**"Derivative"** means a financial instrument the value of which is determined by reference to the value of an underlying asset.

**"Exchange-traded Option"** refers to an option to acquire something (such as a security) at a pre-determined price that is traded on market.

**"Explanatory Memorandum"** means the explanatory memorandum issued by GMI dated 10 October 2012 which accompanies this PDS.

**"Fund"** means Global Mining Investments Trust ARSN 160 079 541.

**"GMI"** means Global Mining Investments Limited ACN 107 772 467.

**"IDPS"** means investor-directed portfolio services.

**"Record Date"** means the date for determining a person's entitlement to participate in the Restructure based on registration as a holder of GMI shares.

**"Restructure"** means the restructure of GMI described in the Explanatory Memorandum.

**"RITC"** means Reduced Inputs Tax Credit.

**GLOBAL MINING INVESTMENTS TRUST**

(ARSN 160 079 541)



# **ADDITIONAL INFORMATION TO THE PRODUCT DISCLOSURE STATEMENT**

DATE: 10 OCTOBER 2012  
EDITION 1

**Issued by: Global Mining Investments Limited**  
(ACN 107 772 467)

**Responsible Entity – Bell Asset Management Limited**  
(ABN 84 092 278 647 AFSL 231091)

This document is issued by Global Mining Investments Limited ACN 107 772 467 (“GMI”) and is dated 10 October 2012. This document contains additional information to be read in conjunction with, and which forms part of, the product disclosure statement (“PDS”) dated 10 October 2012 in respect of the Global Mining Investments Trust ARSN 160 079 541 (“Fund”). You should read the PDS, in conjunction with this information before making a decision about Units in the Global Mining Investments Trust.

Unless otherwise defined in this document, capitalised terms in this document have the meanings given to them in the PDS.

The information in this document and the PDS has been prepared without taking account of your objectives, financial situation or needs. Because of this, you should, before acting on this document and the PDS, consider the appropriateness of the information, having regard to your objectives, financial situation and needs.

## 1 FEES AND COSTS

This document shows the fees and costs that you may be charged for investing in the Fund along with further information about the additional fees and costs that could apply to your investment. These fees and costs may be deducted from your money, from the return on your investment or from the Fund assets as a whole. You should read all the information about fees and costs because it is important to understand their impact on your investment.

This information should be read in conjunction with the PDS. There are no insurance costs relevant to this Fund.

Type of fee or cost	Amount	How and when paid
<b>FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND</b>		
<b>Establishment fee:</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment.	Nil	Not applicable
<b>Termination fee:</b> The fee to close your investment.	Nil	Not applicable
<b>MANAGEMENT COSTS<sup>1,3</sup></b>		
The fees and costs for managing your investment. The amount you pay on the specific Fund is shown in the table in section 6 of the PDS.	2.00% per annum	Management costs consist of: <ul style="list-style-type: none"> <li><b>Management fee<sup>2</sup>:</b> up to 1.28%<sup>4</sup> per annum of the net asset value of the Fund;</li> <li><b>Normal operating expenses:</b> estimated cost of 0.41%<sup>4</sup> of the net asset value of the Fund, inclusive of the administration fee; and</li> <li><b>Performance fee<sup>5</sup>:</b> assumed to be 0.31%<sup>4,5</sup> per annum of the net asset value of the Fund. This is up to 15% of the performance of Units in excess of the performance of the Benchmark over an annual performance period (assumed here to be 2%<sup>6</sup>) and assuming there is no underperformance from previous performance periods to be made up by subsequent excess performance.</li> </ul>
<b>SERVICE FEES</b>		
<b>Investment switching fee:</b> The fee for changing investment options.	Nil	Not applicable
<b>Initial advice fee:</b> This is the fee for initial advice from your adviser about your investment.	Nil	Not applicable
<b>Ongoing advice fee:</b> This remunerates your adviser for ongoing advice and service.	Nil	Not Applicable

<sup>1</sup> Please refer to "Management costs" in the "Additional Explanation of Fees and Costs" for further information on the management costs.

<sup>2</sup> The management fee is an amount calculated daily on the value of the Fund gross of accrued fees and taxes. For the management fee amount, accrued performance fees and taxes of zero has been used in the calculation. For certain wholesale clients the Responsible Entity may, at its discretion, negotiate, rebate or waive the management fee. Please refer to "Individual fee arrangement" in the "Additional Explanation of Fees and Costs".

<sup>3</sup> Where fixed costs such as the administration fee are expressed as a %, an assumed fund value of \$200,000,000 has been used. In other words, in the example above, the "Management costs" figure of 2.00% includes an estimated administration fee of approximately 0.14%.

<sup>4</sup> Inclusive of GST (net of RITCs).

<sup>5</sup> The amount for the Performance Fee is provided for illustrative purposes only and is not an indication, projection or forecast of the performance of the Fund. Actual performance, prices and returns may be significantly different to those illustrated. Whether or not the Performance Fee is payable is dependent on several factors, including the performance of Units, the level of the Benchmark on each business day in the relevant performance fee period and the amount of carried forward underperformance (if any). Accordingly, it is not possible to predict the amount of this fee with any certainty for the purposes of this fee table.

<sup>6</sup> This amount is provided for illustrative purposes only and is not an indication, projection or forecast of the performance of the Fund. Actual performance, prices and returns may be significantly different to those illustrated.

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### Indirect investors – IDPS fees

If you are investing through an IDPS, you should also consider the fees and expenses charged to you by your IDPS operator (if applicable) as well as the fees and other costs outlined in the PDS when calculating the total cost of your investment. These fees and costs should be stated in the offer document provided by the IDPS operator.

If you have any questions you should contact the Responsible Entity or, if you are investing through an IDPS, your IDPS operator.

### Management costs

The management costs are the fees and costs the Responsible Entity charges for administering and managing the Fund. This is expressed as the net cost to the Fund after factoring in reduced input tax credits (RITCs) able to be claimed by the Fund under the GST rules.

Management costs include the management fee which is calculated daily on the value of the Fund gross of accrued fees and taxes, which may fluctuate, and are paid to the Responsible Entity on a quarterly basis. The fee is paid from the Fund and is reflected in the unit price, it is not charged separately to your investment.

The Responsible Entity charges (or recovers from the Fund) the management costs as specified in the PDS.

Costs of buying and selling investments (and related duties, taxes, GST and financial institutions charges) and other expenses the Responsible Entity incurs in operating the Fund may be paid from the Fund, not by the Responsible Entity.

Under the Fund Constitution, the Responsible Entity is entitled to recover all expenses incurred in the proper performance of its duties in respect of the Fund, and the Responsible Entity has confirmed that it will generally pay costs incurred in the ordinary course of operating the Fund out of the Fund (this includes expenses associated with custody arrangements, preparation of accounts and auditing).

Reimbursable expenses include costs for:

- disbursements in connection with the acquisition or disposal of investments in the Fund;
- audit of the Fund's accounts;
- postage and all duties, taxes, levies and other charges in relation to payments to and from unit holders;
- printing accounts, distribution statements and cheques;
- postage of accounts and other documents to unit holders;
- maintaining accounting records and keeping the register; and
- other aspects of the administration of the Fund.

The Responsible Entity may recover abnormal expenses (such as costs of unitholder meetings, changes to the Fund's constitution and defending or pursuing legal proceedings) from the Fund. The management costs set out in this document do not include any abnormal expenses. Whilst it is not possible to estimate such expenses with certainty, the Responsible Entity has confirmed that it anticipates that the events that give rise to such expenses will not occur regularly. In connection with the Restructure, the Responsible Entity has agreed to indemnify GMI (out of the Fund) for all liabilities of GMI following the Restructure. GMI currently expects that such liabilities will primarily be the costs of winding up GMI which are expected to be approximately A\$20,000, and some residual costs relating to the Restructure that have not already been paid by GMI.

### Performance Fees

The total Management Costs of the Fund may include a Performance Fee.

A performance fee is payable when the Fund return exceeds the benchmark return over a performance fee period, subject to the high water mark described below. The performance fee period is the year (or in the first year of the Fund that part of a year) ended 30 June. The performance fee of up to 15% is calculated on the net asset value of the Fund multiplied by the out performance of the Fund (net of management fees, but gross of tax) as compared to the Fund's benchmark, the HSBC Global Mining Index (Capital Only). While the performance fee is calculated and accrued daily as part of the unit price, based on each day's out performance or underperformance relative to the Benchmark, it is only payable after the end of the performance fee period each year.

The Constitution sets out the process for determining the performance of Units on a Business Day. Broadly speaking the performance of Units on a Business Day is reflected in the change in the Unit price from the Unit price for the previous Business Day. The performance of the Benchmark on a Business Day is generally determined by reference to the change in the level of the Benchmark from the level of the Benchmark on the previous Business Day.

The aggregate of the daily performance fees for a Performance Fee Period will be included in the Unit price, which can result in different implied levels of Performance Fees for individual Unit holders depending on the timing of their investment and the performance of Units over time compared to the performance of the Benchmark.

Any underperformance from the Fund's prior periods must be made up before a performance fee is again payable. This is referred to as a 'high water mark'.

### Investment Management Fees

Investment management fees paid to BlackRock are paid out of the Management Fees and the Performance Fees for the Fund.

### Transaction costs

When calculating application and withdrawal prices of Units, transaction costs (buy/sell spreads) may apply. Transaction costs are the Responsible Entity's estimate of the total transaction cost the Fund would incur to buy the assets of the Fund (for applications) or sell those assets (for withdrawals), in each case divided by the number of Units on issue. For an application of Units, an adjustment is made to increase the issue price; and for a withdrawal of Units, an adjustment is made to decrease the withdrawal price. Types of transaction costs include brokerage and taxes.

Transaction costs are paid to the Fund not to the Responsible Entity. They are an additional cost to you and are reflected in the Unit price. Transaction costs will generally be incurred when you invest, or withdraw from the Fund. These costs will generally not apply to reinvested distributions.

The Responsible Entity has confirmed that it estimates the buy/sell spread for the Fund at 0.15%. For example, if you make a \$50,000 investment (or withdrawal) from the Fund, you will pay 0.15% (or have deducted 0.15%) from the Unit price which is equal to a transaction cost of \$75. The Responsible Entity may vary the applicable transaction costs and buy/sell spreads from time to time. Updated transaction cost or buy/sell spread details will be available by contacting Client Services on 03 8637 6000, or from the Responsible Entity's website [www.bellasset.com.au](http://www.bellasset.com.au). If you are investing through an IDPS, you should contact your IDPS operator.

### Incidental fees and costs

Standard Government fees, duties and bank cheque fees may also apply to your investments and withdrawals including dishonour fees and conversion costs.

### Change in fees

It is possible for the fees and costs to change up to the maximum amount specified in the Constitution. If the Responsible Entity increases the fees or costs, the Responsible Entity has confirmed that it will advise you or your IDPS operator (as applicable) in writing at least 30 days prior to the date that the increase takes effect. This applies only to fees and costs charged by the Responsible Entity and to transaction costs but not to indirect costs, which are subject to change at any time without notice.

### Individual fee arrangement

From time to time the Responsible Entity may individually negotiate the management fee with wholesale clients (within the Corporations Act meaning) – such as master trusts and IDPS operators under which volume-based fee rebates would be provided, in accordance with applicable ASIC class order relief. This is generally because they invest very large amounts of money in the Fund. The Responsible Entity has confirmed that it does not enter into such fee arrangements with retail clients (within the Corporations Act meaning).

### Taxes

Unless otherwise stated, all fees and costs quoted in the PDS are quoted on a GST inclusive basis and net of any applicable RITCs.

## 2 OTHER INFORMATION

### CONSENTS

National Australia Bank Limited (“**NAB**”) has consented to the inclusion of references to it in the PDS and has not withdrawn its consent as of the date of the PDS. NAB has no supervisory role in relation to the Fund and is not responsible for protecting the interests of investors. NAB has no liability or responsibility to investors for any act done or omission made in accordance with the terms of the custody agreement between NAB and the Responsible Entity. NAB makes no statement in the PDS and has not authorised or caused the issue of it. Investments of the Fund do not represent investments in, deposits with or other liabilities of, NAB or any other member of the NAB group of companies (“**NAB Group**”). Neither NAB, nor any other member of the NAB Group, in any way stands behind the capital value, nor do they guarantee the performance of, the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of the Responsible Entity.