

# Gold mine Ownership:

multiply your returns from  
gold's historic bull market

*Direct investment opportunity for high net worth  
and institutional investors only*



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GB GLOBAL MINING AG

# a golden opportunity



Everything suggests that gold is enjoying a long-term bull market. In this report, we examine the reasons for gold's resurgence, then make the case that the time is right to invest in a quality gold miner. In particular, we consider the case for investing in the private placement of stock in GB Global Mining AG. Recent discoveries and major corporate restructuring mean that this could be a propitious time to buy – ahead of the broad investment community.

While other assets have faltered, the price of gold has risen strongly over the past decade. This is no bubble: the rise has been steady and reliable, as the chart shows.

In fact, since Gordon Brown sold a quarter of the UK's bullion reserves in 1999 – at the bottom of the market – the price has almost quintupled.

## Why we expect gold to soar

And we believe gold has much, much further to go. Gold thrives in the kind of situation we see today, with economic uncertainty and prospects of inflation. That's because gold is a form of hard money, and the only one that does not depend on a government's promise. So gold can provide unrivalled protection against inflation and default.

Today, the major western economies are building up debt at an unprecedented rate, practically guaranteeing future inflation and devaluation – a strong signal to buy gold. Meanwhile, the emerging mega-economies of India and China are doing just that. Quietly adding to their bullion reserves, they are giving further support to a rising gold price.



## as good as gold

*Gold has been used as a principal store of value for over 4,000 years. It has formed a powerful part of every human culture, associated with wealth and social elites, and providing the basis of private and public wealth. The tombs of the Pharaohs were raided for their gold; the ancient civilisations of Greece and Rome were able to trade with India and beyond, using the common money provided by gold; the first merchant banks powered the Renaissance by lending out gold.*

*Gold continues to hold its value because it's in tight supply. It's been estimated that the total amount of gold ever mined on Earth would fit into a 20 metre cube – or a small village hall.*

(Source: Bullionvault)



# Maximising gold returns

With the future of gold looking brighter than ever, this could clearly be a good time to invest, and add the security and profit potential of gold to your portfolio.

However, holding physical gold can involve you in significant storage and insurance costs – while your gains are limited to the increase in the gold price.

More sophisticated investors can take advantage of a potentially far more rewarding solution, where you could bank many times the increase in the gold price. This route involves you in taking a stake in a promising gold mining operation.

Why? Because gold producers can increase profits explosively when the gold price soars.

Take a simplified illustration. Say the gold price is \$800 an ounce, and a particular mine's extraction costs come to \$600 an ounce. Here, the profit is \$200 per ounce of gold produced. But when the gold price rises to \$1,200 (a price already broached in 2009), the miner's profit does not simply increase by 50% – it triples. In fact, when the gold price is expected to rise strongly, the value of a successful gold miner can rocket exponentially.

As with any investment, however, timing is crucial. It's important to invest ahead of the crowd – and acquire a quality miner before the price catches up with financial reality and reflect full value.

Of course, not all gold mining companies are equal. You need to find one that combines a number of factors: proven gold resources, positive and experienced management, a commitment to exploiting the newest technology, and a politically stable environment. Most important of all, you need to be able to buy ahead of the crowd – for example, by identifying a restructuring situation where a small producer is moving to become a major.

Over the page, you can read about a situation that we believe ticks all these boxes (and more).



## The lure of gold-

but it's often better to **OWN** the producer

# Creating Ecuador's major gold mining group

GB Global Mining AG (Global Mining) is a producing gold mining company operating in Zaruma, El Oro, Ecuador. It was formed to create Ecuador's dominant gold mining operation, bringing together the mining interests of the principal shareholders.

The company now stands to benefit from both economies of scale, and vertical integration from mining to refining. We have also taken the opportunity to introduce advanced technologies and techniques throughout our operation.

Ecuador itself provides the perfect environment for a substantial new gold mining group. Along with proven ore deposits, the country enjoys stable social and labour conditions – with uninterrupted democratic government since 1979.



El Oro 'The Gold' region of Ecuador – Home to Global Mining's operations

## The group

Global Mining owns a 99% shareholding in Santa Fe Mining S.A., an Ecuadorian private limited company. Santa Fe provides custom milling and gold processing for independent local mines; the company also reprocesses tails from artisan deposits and other Ecuador mining operations.

GB Global Mining AG also owns numerous mining concessions within Ecuador, including Valuarte I, II and III, covering an area of 3,500 hectares; the Mimopi Concessions Project (Miranda One and Pillacela); Miranda Alto, Gabriella and Montedesuca (covering a total area of approximately 165 hectares).

We began ore processing and gold production at the Santa Fe processing plant following structural and state of the art mechanical upgrades in February 2008.

## PROSPECTS FOR THE GROUP

# Gold production to RISE at our Santa Fe plant

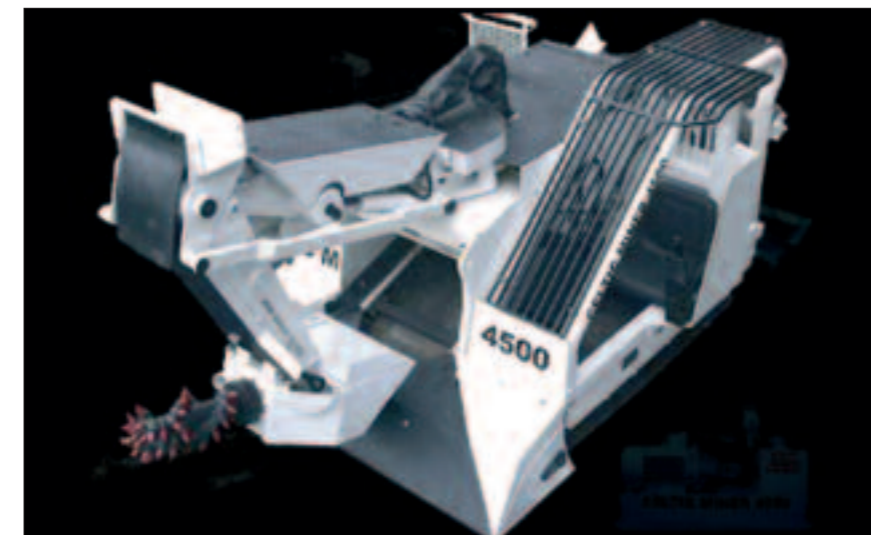
At present, we have reduced production at Santa Fe while we upgrade our tailings disposal facility to meet new Ecuadorian mining laws. This will be complete when we install lining and pumps at a cost of around €500,000 (including cash-flow requirements). We can then recommence production levels of 150 tons per day (within four weeks of receipt of finance). This will rise to a total capacity of 500 tons per day within six months.

Working on a 26-day month, we anticipate that at full production yield will be 125 ounces of gold per day.

In addition to gold, we are also producing both silver and copper.

## 'Clavoses' – the key to exceptionally high yields

Global Mining can plan for unusually high gold productivity because we benefit from 'clavoses'.



This mining machine cuts up to 100 metres a day, following the seam with maximised efficiency

## PROSPECTS FOR THE GROUP



This translates literally as 'treasure chests': it describes seams where the ore veins bend and twist, to create exceptionally high yields.

We have recently discovered three of these clavoses at our Mimopi mine, with grades of up to 200 grams of gold per ton. To take full advantage of this favourable mining situation we intend to acquire three Celtic Miner 4,500 revolutionary hydraulic mining machines ([www.metalinnovations.co.uk](http://www.metalinnovations.co.uk)), which will be built to order in Wales. The driver operates the machine from a horizontal position, allowing greater accuracy in extracting ore, which passes through the body of the machine

to maximise the cut efficiency. Each machine cuts up to 100 metres a day.

We aim to process the ore produced from our three clavoses at our Santa Fe facility. We anticipate yields as high as 4 ounces (120 grams) per ton. At 500 tons per day, the total yield would be 2,000 ounces – or US\$2m per day. (This assumes a gold price of just \$1,000 per ounce – and we expect gold prices to continue to rise strongly.)

The current issued share capital of GB Global Mining AG is 190,000,000 ordinary shares with a nominal value of CHF0.01 each. Authorised capital is 250,000,000 shares.

Shares trade on the Frankfurt and Berlin stock exchanges (symbol: 35K). You can also check on the share price through our website at <http://uk.finance.yahoo.com/q?s=35k.f>

Alternatively, you can link through to our share price or check on recent news by visiting our website at [www.gbglobalminingag.com](http://www.gbglobalminingag.com)

We are now seeking to raise €5,000,000 development funds



# the opportunity

through a private placement of stock. To find out more, please confer with your investment adviser.

Please remember, however, that gold continues to receive increasing attention in the media. Fund managers are now seeking out gold miners with undiscovered potential, and this opportunity to take place in the private placement will close when the required funds are raised.

Every entrepreneurial investor is on the lookout for a metaphorical 'gold mine'. This is a strictly limited opportunity to invest in a real one – with very special prospects – at a time when gold has never looked better.

**How high can gold go?**

The gold price is currently around \$1,150 per ounce (January 2010). Our in-house analysts expect the price to rise to \$2,000 within six months.

For gold simply to revisit its 1982 high of \$850, adjusted for inflation, the price would need to reach around \$2,500.

THE CASE FOR INVESTING NOW

GB Global Mining AG report:

# Key factors to consider

## Potential and opportunity

- Gold is recognised as a store of value in uncertain and inflationary times, and we expect the price to hit new highs as currencies erode
- Similarly, we expect silver and copper prices to rise
- The Mimopi concession offers long term recoverable gold, silver and copper deposits
- The three clavos ('treasure chests') at the Mimopi mine should provide massive upsurge in profitability
- Taking all our rights and concessions together, we believe we can swiftly establish Global Mining as a world class gold and mineral mining/exploration company.

## Investing

- You can now invest in Global Mining. Private placement investment, for Phase 2 of the development business plan, is expected to be priced at €0.45 per share
- Global Mining has received a strong buy recommendation as a direct investment in a producing gold mine
- Anticipated share price growth (assuming funding received) over 18 months could return 1,900 per cent profit.

THE CASE FOR GOLD MINERS



*With the current share price at only €0.35-€0.45, GB Global Mining AG is well positioned to take full advantage of the upswing in gold mining shares. We recommend these shares as a strong speculative BUY for substantial capital growth potential over the next 18 months. Anticipated share price growth to €10++.*

GB Global Mining AG report: