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Investment Research

Globex Mining Ent. (GMX)

Company Report – June 10, 2017

Globex Mining Enterprises Inc. is a North American focused exploration and development project generator. The Company has an exceptionally well-diversified portfolio of assets, with exposure to a wide range of commodities.

In the first quarter, ended March 31, 2017, revenue totaled \$480,394 which was \$425,394 higher than the \$55,000 reported in the comparable period in 2016. As a result of the significant increase in revenue, Globex reported a positive net income of \$143,644 as compared to a loss of \$130,669 in the first quarter of 2016.

During 2016, Globex successfully negotiated ten property sale/option agreements with net option income and advance royalties of \$1,301,989 being recorded in the second, third and fourth quarters of the year. In addition, it had also negotiated option/sale agreements which generated solid revenue in the first quarter of 2017.

Moreover, as a result of the announcement by Nyrstar Inc. to restart mining operations at its Mid Tennessee mine, Globex anticipates to start receiving monthly metal royalties of between C\$100,000 and C\$120,000 per month later this year.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.08, which is 108% above today's stock price.



- Unlike investments in traditional junior resource companies where most investors speculate on the outcome of one or two projects, Globex has a much lower downside as it puts its eggs in multiple baskets, allowing them to significantly reduce the inherent risk of the mineral exploration and development business.

Therefore, an investment in Globex is ideal for investors seeking exposure to the commodities markets and the resource sector without having to bet on the outcome of a single or handful of projects.

- Globex maintains a tight capital structure with 49.0 million shares outstanding, and no debt. Since its listing in 1987, the Company has never executed a reverse stock split.



THE COMPANY

Globex Mining Enterprises Inc. is a North American focused exploration and development project generator. A project generator's business model is to acquire mineral properties, and to advance them, either to production or to ready them for optioning, joint venturing, or outright sale to a third party resource company.

The properties in a project generator's portfolio are typically optioned out to third parties - termed as Option Partners - in exchange for:

- A series of annual cash and/or share payments;
- An annual exploration work commitment; and
- A Gross Metal Royalty (GMR).

Upon the satisfaction of the above option terms, the property interest is transferred to the Option Partner. However, the option contract will terminate if annual payments and/or work commitments are not met. In that case, the property returns back to Globex.

Outright property sales may include cash and/or share payments and a form of royalty interest payable when projects achieve commercial production or another negotiated milestone.

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Therefore, an investment in Globex is ideal for investors seeking exposure to the commodities markets and the resource sector without having to bet on the outcome of a single or handful of projects.

Moreover, Globex' model offers the potential to generate consistent and recurring revenues from royalties on the projects that eventually advance to production.

In the first quarter, ended March 31, 2017, revenue totaled \$480,394 which was \$425,394 higher than the \$55,000 reported in the comparable period in 2016. During the second, third and fourth quarters of 2016, as well as the first quarter of 2017, revenues have significantly increased as Globex completed a number of option arrangements with third parties, due to the renewed level of financings in the junior mining sector. As a result of the significant increase in revenue, Globex reported a positive net income of \$143,644 as compared to a loss of \$130,669 in the first quarter of 2016 (Also read Financials on page 12).

Globex' current mineral portfolio consists of approximately 150 early to mid-stage exploration, development and royalty properties which contain **Base Metals** (copper, nickel, zinc, lead), **Precious Metals** (gold, silver, platinum, palladium), **Specialty Metals and Minerals** (manganese, titanium oxide, iron, molybdenum, lithium, rare earths and associated elements) and **Industrial Minerals** (mica, silica, potash, feldspar, pyrophyllite as well as talc and magnesite).

A significant majority of Globex' properties are located in Eastern Canada, as the Company's geologists are true experts in the region. In addition, the Company appreciates the strong mining laws in Canada and the low political risk.



The Globex property map clearly shows the strong focus on Eastern Canada.

Globex rarely acquires grass roots or very early stage projects. The Company is focused on acquiring properties which meet one or more of the following criteria:

- Historical or NI 43-101 resource estimates;
- Have reported past production;
- Have established drill targets or drill intersections of economic merit; and
- Are located on major geological structures.

The Company maintains a tight capital structure with 49.0 million shares outstanding, and no debt. Since its listing in 1987, it has never executed a reverse stock split.

Globex trades on the Toronto Stock Exchange under the symbol GMX, in the United States on the OTCQX market with symbol GLBXF and in Europe on the Frankfurt stock exchange with symbol G1MN.

The Company's head office is located in Toronto, Ontario, and its principal business office is located in Rouyn-Noranda, Quebec. In addition to the senior management team, Globex has 13 employees, including six geologists, and three technicians.

Revenue Model

In the past few years, Globex' revenue has been under pressure, varying between a low of \$750,000 (2013) and a high of \$1,356,000 (2016). The reason for these low revenues was the crisis in the resource sector. Very few companies were able to raise money to option or develop projects. Another consequence was that royalty income dropped significantly, as companies closed operating mines.

Now that commodities markets seem to have turned around, revenue is expected to significantly increase, as Option Partners are again advancing the Company's assets.

To clarify the Company's business model further, both an example of an option agreement as well as a royalty stream are described in more detail below.

Late June 2016, Globex entered into an **Option Agreement** with Manganese X Energy Corp. (TSXV: MN) related to the Houlton Woodstock Manganese Property located in the Province of New Brunswick, Canada.

To earn a 100% interest in the property, subject to a 3% Gross Metal Royalty, Manganese X is required to:

- Make cash payments to Globex of \$200,000 (fully paid);
- Issue an aggregate of 4,000,000 common shares of Manganese X (2,000,000 have been issued* and 2,000,000 shares are to be issued on April 22, 2018);
- Incur exploration expenditures of \$1,000,000 on the property; and
- Deliver a Preliminary Economic Assessment (PEA) to Globex on or before the fourth anniversary of the Option.

* Note that Globex received 1 million shares of Manganese X on April 22, 2017 with an approximate value of \$185,000 as part of the option agreement.

The Houlton Woodstock Manganese Property includes the historical Moody Hill, Sharp Farm, Iron Ore Hill and Maple Hill manganese-iron zones. In July 1953, K.O.J. Sidwell, in a report titled "Preliminary Report on the National Management Limited Property at Woodstock, NB" reported, based upon limited diamond drilling and a gravity survey manganese iron, resources of 25 million tons at Iron Ore Hill, 10 million tons at Moody Hill and 8 million tons at Sharp Farm.



Drilling activity at the Woodstock Manganese property.

Manganese X recently started a drill program at the property that will total approximately 1,600 m. Drilling is expected to last about three weeks, and final assay results should be

available by early July. This drill program follows on the heels of a previous campaign that consisted of 16 holes totaling 3,589 meters, and which was designed as an initial evaluation of historic manganese occurrences on the property.

Manganese is essential in the production of stainless steel and as an alloying agent with aluminium. However, it has many other uses including in new alkaline batteries and rapidly developing lithium ion manganese batteries where MnO₂ acts as the primary cathode material. This developing technology is promising as the magnesium-oxide components are abundant, non-toxic and provide better thermal stability.

Nyrstar's (NYR) Mid Tennessee mine on the other hand, has been one of Globex' best **Royalty Agreements** so far.

Globex is entitled to a 1.4% royalty when LME zinc prices are at or over US\$1.10 per lb, and a 1% royalty when the zinc price is between US\$0.90 and US\$1.09 per lb. The following table shows Globex's royalties from this project to date.

Year	Metal Royalty Income
2010	\$124,741
2011	\$490,525
2012	\$403,266
2013	\$69,522
2014	\$1,020,232
2015	\$605,282
Globex' annual royalty income from the Mid Tennessee Zinc Mine owned by Nyrstar.	

The volatility in royalties is primarily due to the changes in zinc prices. Note that Globex only generated \$0.61 million in royalties in 2015 because Nyrstar closed the mine mid-year due to low zinc prices.

On September 27, 2016 however, Nyrstar announced that as a result of increased Zinc prices it was restarting its Mid Tennessee mining and processing operations. This decision is supported by the recent increase in Zinc prices which rose from USD \$0.82 per pound at March 31, 2016 to USD \$1.16 per pound at December 31, 2016 and currently is trading at USD \$1.12 per pound.

Mill processing operations at Mid Tennessee are scheduled to commence in Q2 2017 and full capacity of 50kt per annum of zinc in concentrate is expected to be reached by November 2017.

Consequently, Globex anticipates receiving royalty payments from the mine of over \$1.5 million per year at current zinc prices.



Nyrstar's Mid Tennessee mine is scheduled to restart operations, which should generate over \$1.5 million in royalties for Globex annually.

At March 31, 2017, Globex had 31 royalty arrangements in effect at various stages. The overall total of royalty arrangements increased by 5 from March 31, 2016, again indicating that markets are improving.

Competition

Currently, there are about eighteen active Project Generators listed on the TSX and TSXV exchanges. Altius Minerals (ALS) with a market cap of \$441 million is currently the largest one. Eurasian Minerals (EMX) is second and Mirasol (MRZ) is third, with market capitalizations of \$102 million and \$83 million respectively. Globex is ninth on the list with a market capitalization of \$26.5 million.

Although most generators target a wide range of commodities, each company tends to have its own regional focus. As examples, Mirasol is focused on South America, Globex on Quebec and Ontario, and Evrim (TSXV: EVM) on British Columbia and Mexico.

The median market capitalization is \$22 million, and the average is \$59 million, mainly

because Altius is an exceptionally large company in the Project Generator niche. Except Altius, none of the generators currently generate any significant recurring royalty revenues.

PROPERTY PORTFOLIO

The heart and soul of Globex is obviously its property portfolio. Of the almost 150 projects that it currently holds, 66 are focused on precious metals (gold, silver, platinum, palladium), 44 on base metals and polymetallic (copper, zinc, lead, nickel), and 36 on specialty metals (talc, iron, lithium, manganese, feldspar). The assets also include more than 30 former mines and over 45 properties have historic and/or NI 43-101 resources.

The Company also keeps adding valuable properties with lots of potential. Last month, Globex acquired the **Normetmar zinc deposit** in Quebec, Canada. The property is located only one kilometer west of the former Normetal Mine, which was one of the largest polymetallic (Cu, Zn, Ag, Au) deposits in Quebec, and which is also owned by Globex.

The historic massive sulphide, Normetal mine, which operated periodically from 1926 to 1929, from 1931 to 1933, and again from 1937 to 1975, produced 10.1 Mt grading 2.15 % Cu, 5.12 % Zn, 0.549 gpt Au and 45.25 gpt Ag (237,328 t of copper, 586,964 t of zinc, 170,592 oz. of gold and 15,278,726 oz of silver) from the orebody to a depth of approximately 2,500 m.

Thanks to the close proximity of the Normetmar property to the massive Normetal mine, hopes are high that a minable deposit may be discovered on it. Globex will immediately start to recompile all the old data from both properties in order to locate targets for potential near surface drilling this summer.

And in April, the Company acquired six cells (350 ha) located in Blondeau Township, Quebec, Canada for an undisclosed sum. The cells cover the **Kelly Lake** copper (Cu), nickel (Ni), platinum (Pt), palladium (Pd), rhodium (Rh), and cobalt (Co) zone. Work by previous companies and compiled for Loubel

Exploration Inc. reports a historical Indicated Mineral Resources of 1,400,000 tonnes grading 0.7% Ni and 0.7% Cu with potential Pt and Pd grades of 0.7 g/t and 0.6 g/t respectively to a depth of 335 metres and open to depth.

It is noteworthy that previous companies that worked on Kelly Lake only focused on the copper and nickel potential. While test data shows that it's a true polymetallic property with also platinum, palladium, cobalt, rhodium, and even some gold (Au) and silver (Ag). Consequently, much more work is required on the Ag, Au, Co and **PGM** elements.

PGM

The Platinum-Group Metals - abbreviated as PGMs - are six noble, precious metallic elements clustered together in the periodic table. The six metals are ruthenium, rhodium, palladium, osmium, iridium, and platinum. They have similar physical and chemical properties, and tend to occur together in mineral deposits.

Globex has begun acquiring and compiling data from previous work conducted on the property with the intention of initiating an exploration program this summer.

The map on page 2 of this Report shows the properties' locations. It's noteworthy that they're all located in North America with a strong focus on Quebec and Ontario. Within this area, the key focus is on the Abitibi greenstone belt, which extends from Wawa, Ontario to Val d'Or, Quebec. It is one of the most famous and prolific gold and base metal producing areas in the world.

As a rule of thumb, the Company only invests in properties that are located in countries with stable governments and mining laws. In addition, the Company's six full time geologists live in the Abitibi region in Northern Quebec. Consequently, they know the geology in the area extremely well. Moreover, they have a very good understanding of the exploration methods and the legal methods of acquiring ground in the region.

Below is a detailed overview of a few assets that Globex has in its portfolio at the moment.

There are many gems between its properties. This is important to understand because there are plenty of resource companies that only own one or two similar properties and that have the same or a higher valuation than Globex. Each of the below projects justifies Globex current market valuation.

Duquesne West Gold Property

The Duquesne West Property is comprised of 60 claims totalling 929 ha located 32 km northwest of the mining town of Rouyn-Noranda and 10 km east of the town of Duparquet, Quebec. The property is also located 4 km east and along strike from the past producing Beattie and Dorchester mines, which produced 8.4Mt @ 3.5 gpt Au and 1.2Mt @ 9.3 gpt Au, respectively, and 3.5 km west of the past producing high grade Duquesne Mine which produced 199,912 t @ 10.3 gpt Au.



The Duquesne West property has an Inferred Resource of 853,000 oz of gold.

The Property is held 100% by Duparquet Assets Ltd, a company owned 50% by Globex and 50% by Jack Stoch, President & CEO of Globex. Mr. Stoch invested in the project several years prior to becoming involved in Globex.

Over the years, the property has been optioned to many companies, including Noranda Exploration, Santa Fe Canadian

Mining Ltd., Kinross Gold, Queenston Mining Inc., Diadem Resources Ltd., and Xmet Inc. These Option Partners have conducted significant workings on the property. Almost 110,000 metres of drilling by various parties have resulted in a NI 43-101 Technical Report that outlined an Inferred Resource in 8 distinct gold zones which total 4,171,000 tonnes grading 5.42 g/t Au (cut to 30 g/t Au) or 6.36 g/t Au (uncut) for 727,000 oz of gold (cut to 30 g/t Au) or 853,000 oz of gold (uncut).

Zone	Tonnes	Au g/t (Uncut)	Ounces (Uncut)
Liz	1,343,000	4.64	200,000
Fox	921,000	9.54	282,000
Nip-Nord	361,000	6.13	71,000
Nip-Sud	129,000	21.13	88,000
South Shaft	162,000	6.29	33,000
Shaft	468,000	4.51	68,000
Stinger	365,000	3.90	46,000
20-20	422,000	4.80	65,000
Total	4,171,000	6.36	853,000

The Inferred Resource in 8 distinct gold zones for the Duquesne West Gold Property.

Duquesne West is also a perfect example of how Globex generates revenue from a project. When the Company first acquired the project, it only had a resource of about 100,000 ounces of gold. Since then, it was optioned to seven different companies. And each company that has worked on it, has added ounces to the project.

If a company isn't able to make all the cash and share payments, or if it's not able to do all the work on the property that it is required to do, then the property is returned to Globex. So although many millions of dollars have been invested on Duquesne West by other parties, each time it has come back to Globex because the companies weren't able to raise money to continue the development.

Consequently, Globex gains the ounces in the ground and the next group that the Company options the property to, has to pay a higher price because it contains more ounces.

Duquesne West is clearly a significant exploration project based on the continued growth of its mineral resource and the high

grade nature of the resource. Globex is currently seeking a suitable exploration partner that can take the project into production.

Timmins Talc-Magnesite Deposit

Since the 1940s, plenty of companies have conducted drilling and completed various economic, engineering and financial studies on the Timmins Talc-Magnesite property. In 2000, Globex was fortunate to purchase 100% of the asset, subsequent to Royal Oak Mines Inc. going into receivership.

A Preliminary Economic Assessment (PEA) conducted on the property by Micon in 2012 indicated an after-tax Net Present Value (NPV) of \$258 million at a discount rate of 8%, and an after-tax internal rate of return (IRR) of approximately 20% and a payback period of 5.8 years on the discounted cash flow.



View of A Zone Talc-Magnesite Deposit with Quartz Veinlets in Outcrop.

Note that Globex has made significant progress since publishing the PEA, which is projected to significantly reduce the capital cost, shorten the time periods to reach specific goals and eliminate project metallurgical risks.

During 2016, Globex reviewed and reinterpreted drilling data and sample analysis acquired during the period 2008 - 2014. This analysis and interpretation was mainly designed to gain additional information along with currently undertaken analysis which will be used in generating an updated resource

estimate for potential mine planning and financial modelling.

Also in this case, Globex is seeking an Option Partner while advancing the project itself.

TALC & MAGNESIA

Talc is the world's softest mineral. Although all talc ores are soft, platy, water repellent and chemically inert, no two talcs are quite the same. Talc is a vital part of everyday life. The magazines we read, the polymers in our cars and houses, the paints we use and the tiles we walk on are just some of the products that talc enhances.

Magnesia is a term used to describe various products from magnesium-rich sources. Magnesia plays a vital role in environmental protection. It is used to treat industrial wastewater by removing silica and precipitating heavy metals. It is used to reduce air pollution by stripping sulfur dioxide from industrial air emissions. Its absorbent properties are used to clean up hazardous chemical spills.

In construction, the product is used to make cements, which are widely used in the flooring industry. Other industrial applications include use by the oil drilling industry in drilling muds, and by the rubber industry as a vulcanizing agent.

Joutel Mining Camp

The Joutel Quebec mining camp is actually an area with four historical deposits, of which Globex owns three. The Company owns the former Eagle Mine, a gold mine; the Joutel Copper Mine; and the Poirier Mine, a copper, zinc, silver, and gold mine.

Globex drilled several holes at the Eagle project and hit significant amounts of gold. The Company believes that it has the potential to be expanded. That's also the case for the Joutel Mine, which has great exploration potential to depth. And the Poirier Mine already has over two million tonnes of copper, zinc, silver, gold mineralization outlined, with many potential areas to add

more tonnage. In addition, the property has a shaft, and there are 27 underground levels.

Deposit	Tonnes	Cu (%)	Zn (%)	Au (g/t)
Joutel	242,000	10.37	-	-
Poirier				
West & Q Zones	1,400,863	1.24	9.77	-
East Lens	300,000	-	8.06	-
Main Zone	534,000	2.5	-	-
Eagle Mine	277,710	-	-	5.83
The historical resources for the Joutel, Poirier, and Eagle Mine.				

It has taken Globex several years to acquire three out of the four deposits. As a result, it's looking to vend this to a company that would take it on as a mining camp project rather than a single mine project. This represents a rare opportunity for a company, especially now that zinc and copper prices have gone up significantly.

BENEFITING FROM A CRISIS

Between 2012 and 2015 conditions for resource companies were really tough. In fact, many companies in the sector went out of business. Contrary to that, Globex prospered during that period.

The following properties were acquired over the past few years. It demonstrates management's opportunistic buying capabilities and their ability to subsequently option out the assets at higher valuations.

Montalembert Gold Property

In 2015, Globex acquired a 100% interest by staking the Montalembert high grade gold property located approximately 10 km northwest of the Cree Village of Waswanipi, Quebec. The property consists of 100 cells totalling 5,516 hectares.

Preliminary exploration by Globex included line cutting, mapping, prospecting, rock sampling and a magnetic survey. The Company cut a 46 line km grid on the property, performed a detailed magnetometer survey and a grid geological survey. During the exploration, old trenches were located and found to be extensively overgrown.

Most samples returned anomalous gold values and coarse native gold was observed and sampled in several areas. One outcrop exposure even returned 33.5 gpt Au in a grab sample from sheared and altered rock which contained up to 4% fine disseminated pyrite and no quartz veining.

Due to these excellent results, Globex was able to option the property in November 2016 to Natan Resources, which recently changed its name to Enforcer Gold. Under the terms of the agreement, Enforcer shall pay \$2,700,000 and issue 8,500,000 Enforcer Gold shares to Globex and undertake \$15,000,000 in exploration to earn 100 % interest in the property subject to a Gross Metal Royalty (GMR) as follows.

Globex shall receive a 6% GMR (9,000 ounces) of the first 150,000 ounces of all precious metals (Au, Ag) recovered from the property and a 3.5% GMR from all production beyond the initial 150,000 ounces of recovered precious metals. In addition Globex will receive 50% of all museum grade gold samples.



Extremely high-grade visible gold grab sample from the Montalembert property.

Enforcer Gold has recently started a comprehensive field exploration program at the property. The program includes the first ever large-diameter core drilling campaign to be conducted on the Galena and No. 2 veins. The exploration program is expected to run uninterrupted through the late fall of 2017. Enforcer has committed over \$2.2 million, for the current field program.

Francoeur-Arntfield Gold Mines

On March 3 2016, Globex signed a Binding Letter of Intent with Richmont Mines Inc. to acquire 100% interest in the Francoeur and Arntfield Mines, west of Rouyn-Noranda, Quebec. The purchase includes a modern office building, headframe and hoist, core facility, machine shop and sundry equipment.

In exchange for the property package, Globex has agreed to pay Richmont a 1.5% Net Smelter Royalty (NSR) on production at the mines, up to a total of \$1,300,000 after which the NSR will be reduced to a 0.5% NSR.

A mineral resource (Measured and Indicated 320,000 t @ 6.47 gpt Au (66,600 oz Au) and Inferred 18,000 t @ 7.17 gpt Au (4,150 oz Au)) has been identified by Richmont in the West Zone of the Francoeur mine using a cut-off grade of 4.3 gpt Au and a gold price of USD \$965. The resource remains open at depth and is accessible by shaft and underground ramp.



Part of the Francoeur mine.

Shortly after Globex acquired the properties, it began reviewing the large geological data bank to identify priority target areas for exploration. A few months later, the Company initiated a small drill program on the property with some remarkable results. For example, drill hole FS-16-35 intersected a near-surface gold zone grading 1.19 gpt Au over a true width of 40.19 m (132 ft).

Subsequent field visits have confirmed wide zones of silicification, disseminated sulphide mineralization, hematization and other alterations typically found in association with gold mineralization.

Even more interesting is that 750 m to the southeast of drill hole FS-16-35, Globex' Chief Geologist located an old trench partially exposed over a 20m length which in grab samples returned some amazing assays of 10.18 g/t Au, 10.15 g/t Au, 9.53 g/t Au, 6.79 g/t Au and 1.54 g/t Au.

These samples represent part of the surface expression and envelope of the Francoeur Number 1 gold zone, which was selectively mined underground at a small scale in the late 1930's early 1940's. It is surprising that surface material with such high gold values was deemed not worth following up upon and mining at the time.

It's clear that the Francoeur-Arntfield gold assets are starting to look very attractive. The grab sample assays are impressive and spread all over vast areas of the properties.

Globex has requested a permit to do three 100 m long trenches in the area of Globex's wide gold drill hole intersection. In addition, the Company will map, strip and channel sample a large outcrop area to the east of the drill hole where grade samples returned numerous significant gold assays. If all goes as planned, work should start later this month.

Johan Beetz Feldspar Property

Globex acquired the Johan Beetz feldspar property by staking in 2015. The property consists of 5 mining claims and is located directly on the north shore of the Gulf of St. Lawrence, 2.5 kilometres east of the village of Johan Beetz in Duplessis County, Quebec.

The property includes a currently disused loading dock which extends into the river from the property. It was used in the 1950's by Spar-Mica Ltd. to facilitate bulk feldspar shipments. The property's location with direct river access is a significant advantage as transport is a major cost to potential bulk feldspar buyers.

In the 1950's Spar-Mica Ltd. spent several million dollars on a new and innovative electromagnetic separation plant at Baie Johan Beetz. However, due to contamination

and technical problems, the plant was shut down in 1959 after three years of operation.

25,000 tons of feldspar-quartz concentrate was produced and shipped but a total of 150,000 tons was mined from 6 quarries at the site. A historical resource of 30 million tons has been reported.

FELDSPAR

The term feldspar encompasses a whole range of materials. Feldspars are primarily used in industrial applications for their alumina and alkali content. Many of the products we use on a daily basis are made with feldspar: glass for drinking, glass for protection, fiber glass for insulation, the floor tiles and shower basins in our bathrooms, and the tableware from which we eat, tempered glass for solar panels. Feldspar is part of our daily life.

CRA, a consultancy, estimates the feldspar market in the U.S at around 215,000 million tonnes per annum (mtpa) growing to 250,000 mtpa by 2020. Prices were reported to be about \$190/t in 2012, ranging from \$80 to \$450 depending on grade and fineness of the concentrate.

In the meantime, Globex has optioned the property to Enerspar Corp. As agreed, Enerspar recently paid Globex \$100,000 in cash and 2 million Enerspar shares to earn a 100% interest in the property subject to a 2% Gross Metal Royalty.

RECENT EVENTS

Khalkos Exploartion Acquires Deane-Cadillac Property

In another noteworthy event, Khalkos Exploration recently acquired 100% of the Deane-Cadillac property, located in Cadillac Township, Quebec. To obtain 100% of this property's mining rights, Khalkos issued 175,000 common shares and paid an amount of \$10,000 to Globex. Globex has kept a 2% Gross Metal Royalty.

The Deane-Cadillac property is constituted of three claims covering an area of 143

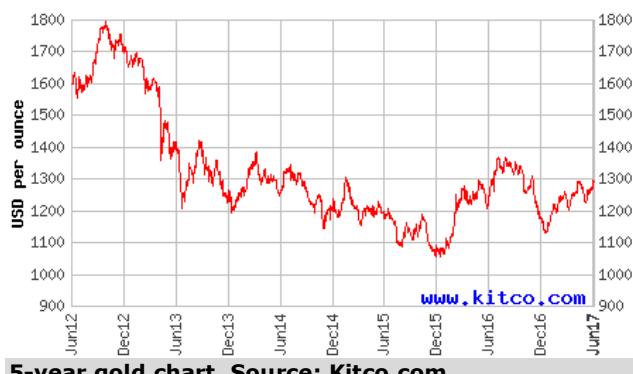
hectares. They are adjacent to Khalkos' existing Malartic mining camp (see map below). Thanks to this acquisition, Khalkos now controls 85 continuous claims, in one of the most active gold mining camps in Canada.

In fact, The Malartic property is located close to major gold producers in the heart of the Cadillac deformation zone. It is located at only 2 km from the Lapa mine and 20 km from the Laronde mine (both owned by Agnico Eagle), and 11 km from the Canadian Malartic mine (owned by Yamana and Agnico Eagle).

In historical drilling, the Deane-Cadillac claims have assayed 3.43 g/t Au over 0.80 m and 19.50 g/t Au over 0.30 m. These showings were located in the same sequence of sedimentary rocks as the Sediment Zone present on Khalkos' claims. Selected samples from the Sediment Zone yielded gold grades up to 28.60 g/t while historical drilling undertaken in 1985 intersected up to 32.60 g/t Au over 2.40 m including 124.00 g/t Au over 0.70 m.

THE MARKET

Although, as noted above, Globex' number of properties typically grows during down years for commodities, its revenue significantly increases when metal prices point upwards. Therefore, it's important to look at the overall market expectations for a wide number of commodities.



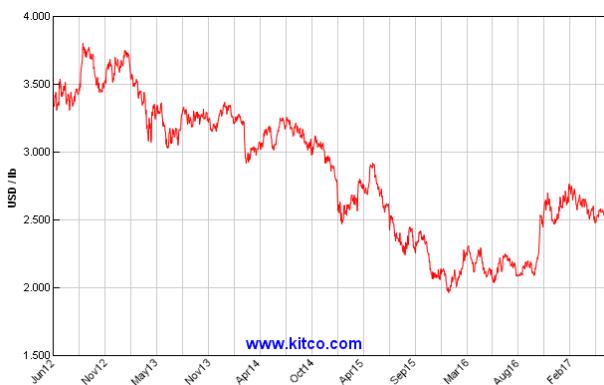
With gold prices firmly above \$1,275 per ounce, many analysts believe that the next major level to watch is \$1,300. Lukman Otunuga, analyst at FXTM, mentioned that lower bond yields and a weaker U.S. dollar are good for gold, adding that he is expecting

prices to rally to \$1,300 an ounce. Also Ole Hansen, head of commodity strategy at Saxo Bank, is convinced of the robustness of gold, as he said, "Gold will continue to do well as it looks like the market is pricing out a third rate hike this year."



5-year silver chart. Source: Kitco.com

Swiss investment bank UBS looks for silver to average \$18.60 in 2017. The bank's analysts suggest silver may largely be driven by moves in gold. Still, "we think silver's links to economic activity via its industrial-demand component should help its relative performance to gold during periods when markets are optimistic about growth and risk."



5-year copper chart. Source: Kitco.com

Copper prices showed strength in 1Q17, as markets started to factor in a deficit in 2017. Remember, a commodity is in a surplus when production exceeds demand, while a deficit occurs when demand exceeds production. Notably, some of the leading brokerages, including Goldman Sachs and Citi, are projecting a supply deficit for copper for 2017.

During their 1Q17 earnings call, Southern Copper (SCCO) said that it sees "supply

underperforming market needs in 2017." The company also cited Wood Mackenzie, which expects a deficit of 100,000 metric tons in 2017.



5-year nickel chart. Source: Kitco.com

Nickel has performed softly so far this year, as it was hit by concerns about oversupply in producing countries coupled with economic warning signs in China, the No. 1 importer. UBS noted, "We think that China's year to date commodity import momentum has likely peaked." Nonetheless, the market is still optimistic about the longer-term outlook of the metal.



5-year zinc chart. Source: Kitco.com

Among the base metals, zinc has outperformed its peers during 2016 and early 2017. A growing demand from China and expected shortages of zinc due to closures of major zinc mines, such as Century in Australia and Lisheen in Ireland, supported the steepest climb for the metal since 2009.

Although those mine closures have created shortages of concentrate, they have not yet translated into a scramble for refined zinc, since inventories have largely filled the gap.

Consequently, the price of zinc has declined somewhat the past couple of months. The long term outlook for the metal remains strong however.

All in all, commodities prices are expected to broadly appreciate in 2017 after many averaged cycle-lows during the past few years. Base metals are expected to gain from a more-buoyant global economy and rising manufacturing activity, while gold and silver prices are expected to rise more modestly.

FINANCIALS

First Quarter 2017 Results & Balance Sheet

Revenues for the first quarter of 2017, ended March 31, 2017, were \$480,394 as compared to \$55,000 in 2016. This increase reflects the results of receiving option payments under the various agreements completed in 2016.

Thanks to these strong results and a strict cost reduction program, that Globex implemented in 2016, the Company achieved a positive net income in the first quarter of 2017.

	03/31/17	03/31/16
Revenues	480,394	55,000
Operating Expenses	410,009	306,425
Profit (Loss) From Operations	70,385	(251,425)
Other Income (Loss)	166,637	97,379
Income (Loss) Before Taxes	237,022	(154,046)
Net Income (Loss)	143,644	(130,669)
Selected income statement data for the quarters ending March 31, 2017 and March 31, 2016. Source: Company Filing		

During the first quarter of 2017, Globex received option income from the following optionees: Enforcer Gold (Montalembert property) in the amount of \$218,722; Galway Metals (Tower Hill property) in the amount of \$78,640; Great Thunder Gold (Chubb and Bouvier properties) in the amount of \$18,167;

Manganese X Energy (Houlton Woodstock property) in the amount of \$99,865; and Opawica Explorations (Beauchastel claims) in the amount of \$30,000.

	03/31/17	03/31/16
Cash and Cash Eq.	840,246	42,519
Cash Reserved for Exploration	563,106	837,670
Investments	1,250,747	318,991
Total Current Assets	2,848,435	1,308,137
Mineral Properties	3,066,093	3,006,294
Deferred Exploration Expenses	11,923,303	12,059,574
Total Assets	19,070,192	16,987,336
Total Current Liabilities	419,655	342,721
Total Stockholder Equity	16,578,938	15,016,003
Selected balance sheet data for March 31, 2017 and March 31, 2016. Source: Company Filing		

At March 31, 2017, Globex had cash and cash equivalents of \$840,246 (March 31, 2016 - \$42,519). In addition, it had Investments with a fair market value of \$1,250,747 (March 31, 2016 - \$318,991) which represents shares received under mining option agreements.

The Company's working capital (based on current assets minus current liabilities) was \$2,428,780 at March 31, 2017 (March 31, 2016 - \$965,416).

Thanks to its current cash and working capital position, and its access to liquidity sources, Globex has no need to raise additional funds in the foreseeable future.

It's also important to note that Globex doesn't have any long-term debt or similar contractual commitments.

OUTLOOK & VALUATION

Globex Mining is a project generator that has an exceptionally well-diversified portfolio of assets, with exposure to a wide range of commodities. The diversity of the portfolio is very positive, as most commodities are cyclical in nature, influenced by a number of economic forces.

This means that when gold and silver are hot, Globex can offer those types of properties to its potential Option Partners. When copper prices are rising, Globex is able to offer copper projects. And when rare earths are doing well, Globex also has those assets in its portfolio. In other words, the Company can take optimal advantage of the fluctuations in the market.

The Company has been active for many decades and has proven that it can survive the downturns in the market. In fact, downturns are often the Company's best years to acquire assets. During the past commodities crisis, Globex acquired many assets for free, that are now already generating income.

The fact that Globex makes money, sets it apart from a large majority of resource related companies. In strong years, it even generates a fair amount more than what it spends. That's also how the Company minimizes shareholder dilution.

During 2016, Globex successfully negotiated ten property sale/option agreements with net option income and advance royalties of \$1,301,989 being recorded in the second, third and fourth quarters of the year. In addition, it had also negotiated option/sale agreements which generated solid revenue in the first quarter of 2017.

And it doesn't stop there. In early April, Globex received \$100,000 cash and 2 million common Enerspar shares with a fair value of \$100,000 related to the Johan Beetz feldspar property. The Company is continuing its marketing efforts and is projecting net option revenue of in excess of \$1.0 million for 2017 based on existing contracts.

Moreover, as a result of the announcement by Nyrstar Inc. to restart mining operations at its Mid Tennessee mine, Globex anticipates to start receiving monthly metal royalties of between C\$100,000 and C\$120,000 per month later this year.

Aside from the strong upside potential of some of the projects in the portfolio, we believe that Globex' top strengths are the high equity ownership of its management, its

ability to maintain a tight capital structure, and its outstanding knowledge of the geology so that it knows where to look for more highly prospective properties.

All in all, we're convinced that there will be several catalysts for Globex' share price to rise over the next 12 months.

Peer Comparison & Valuation

As Globex has so many assets, it's sometimes hard for investors and brokers to understand its true value, in contrast to a resource company that is developing one or two properties. This situation has led to an undervaluation for Globex.

The Company currently has a market capitalization of around \$26 million for all its assets combined. For comparison's sake, take the Company's Duquesne West Gold Property. Any other company that has a single asset with the same characteristics as Duquesne West, would easily trade at Globex' valuation. While at Globex, Duquesne West is just one of so many properties that it holds in its portfolio.

Because project generators hold and advance several properties in their portfolio through option partnerships, the most appropriate method to evaluate such a company is through peer comparison.

Based on 49 million shares outstanding, the intrinsic value of Globex' shares derived from our model is \$1.08.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.08, which is 108% above today's stock price.

SHARE DATA & OWNERSHIP

As of March 31, 2017 Globex had approximately 48.9 million common shares outstanding. Jack Stoch and his spouse, Dianne Stoch (Executive Vice-President, Director of Globex) own 4.19 million shares, or approximately 8.5% of the total outstanding shares plus stock options.

One of the primary risks of traditional resource companies is share dilution. That is absolutely not the case with Globex. The Company has been in business for over 30 years, and it still has less than 50 million shares outstanding without a single reverse stock split.

In addition, the Company has close to 3.1 million warrants outstanding with an exercise price between \$0.50 and \$0.60. Each warrant entitles the holder to purchase one common share of the Company.

Finally, Globex has a total of 3,242,500 stock options outstanding with an average exercise price of \$0.29. Each stock option entitles its holder to purchase one common share of the Company.

MANAGEMENT

■ JACK STOCH – PRESIDENT AND CEO

Following a stint with Noranda Exploration Ltd., Mr. Stoch, in 1976, started acquiring and vending exploration projects, through his own consulting businesses, Jack Stoch Geoconsultant Services Ltd. and Geosol Inc. In 1983, he gained control of Globex, listed it in 1987, and has since amassed a mature exploration portfolio. He has attracted a knowledgeable and well-connected Board of Directors and has expanded the Company's exploration, evaluation and mining team. In 1972, Mr. Stoch earned a B.Sc. in Geology from Sir George Williams University in Montreal, with additional graduate courses at McGill University. He was awarded the designation Acc. Dir., Accredited Director in 2007 by the Chartered Secretaries Canada and is a registered Professional Geologist in both Quebec and Saskatchewan, Canada.

■ DIANNE STOCH – EXECUTIVE VICE-PRESIDENT

Mr. van Hoof has held senior positions at various European financial institutions, including PVF Pension Funds, Paribas Capital Markets and Bankers Trust. His roles during the past 22 years include senior Portfolio Manager, senior Risk Manager, Deputy Head of global equity derivatives, Managing Director responsible for M&A arbitrage, derivatives arbitrage and venture capital

Prior to joining Globex over 20 years ago, Dianne Stoch was employed by Noranda Inc. for more than 18 years, in a variety of accounting/financial positions including Head Office Corporate Planner and Senior Accountant Analyst, revenue planner for the Horne smelter in Rouyn-Noranda. In 2007, Mrs. Stoch was awarded the designation Acc. Dir., Accredited Director, from the Chartered Secretaries Canada.

■ IAN ATKINSON – DIRECTOR

Ian Atkinson, M.Sc, A.K.C., D.I.C., a geologist, is currently also a Director of Kinross following his appointment in February 2016. Mr. Atkinson was previously President and CEO, and a Director, of Centerra Gold. He has more than 40 years of experience in the mining industry with extensive background in exploration, project development and mergers and acquisitions. Prior to his ten-year tenure at Centerra, Mr. Atkinson held various senior leadership positions with Hecla Mining Company, Battle Mountain Gold, Hemlo Gold Mines and the Noranda Group. Mr. Atkinson holds a Bachelor of Science degree in geology from King's College, University of London and a Master degree in geophysics from the Royal School of Mines, University of London.

■ CHRIS BRYAN – DIRECTOR

Chris Bryan is a retired geologist, previously President of CBIM, a private OSC-registered investment counsel. From 1994 to 1995 Chris was President of Ophir Capital Inc., an investment management company. Prior to that, Mr. Bryan was Vice-President, Director and Portfolio Manager of Bolton-Tremblay Inc. Chris received his B.Sc. (Geology) from Sir George Williams University, a graduate diploma in Geological Sciences from McGill University and in 1978, a B. Comm. from Concordia University, Montreal.

■ JOHANNES H. C. VAN HOOF – DIRECTOR

investments as well as Chairman and Senior Executive Officer of Soros Funds Limited in London. In 2002, Mr. van Hoof founded VHC Partners alternative investment management group, active in hedge fund management, corporate and project finance advisory services, private equity investments and charitable projects.

ANNUAL INCOME STATEMENT FY 2014 – 3M 2017

PERIOD ENDING	FY 2015	FY 2016	3M 2017
Revenue	1,160,338	1,356,989	480,394
Operating Expenses			
Salaries	430,136	376,001	125,294
Administration	323,989	291,096	85,205
Impairment of Mineral Properties *	2,754,258	851,386	53,080
Total Operating Expenses	3,985,032	2,003,388	410,009
Operating Income or (Loss)	(2,824,694)	(646,399)	(70,385)
Income from Continuing Operations			
Other Income (Expense)	(44,494)	14,230	166,637
Income (Loss) Before Tax	(2,869,188)	(632,169)	239,022
Income and Mining Taxes (Recovery)	(452,155)	(248,413)	93,378
Net (Loss)	(2,417,033)	(383,756)	143,644

Annual Income Statement FY 2014 – 3M 2017. Source: Company Filings

* Note that at each period end, the Company considers the facts and circumstances which suggest that the carrying value of properties and exploration and evaluation assets may exceed the recoverable amounts. The impairment provisions represent a charge against properties on which claims have lapsed or will be dropped in the near future as well as a charge against deferred exploration expenses on properties on which there are no immediate substantive expenditures planned or budgeted, and the Company does not have an active option or joint venture agreement. Impairment is required by auditors but may not be representative of the value of individual properties. In the Globex business model Globex acquires properties of value often with resources or reserves. Under the impairment regulations if no substantive work has been performed on the property in a three year period it needs to be written down to zero value. But, Globex's business model as project generator has Globex acquiring assets when they are out of favour and Globex needs to wait for the commodity market to return, often more than three years.



Toronto Stock Exchange: GMX

Company Headquarters

86, 14th Street
Rouyn-Noranda, Quebec J9X 2J1
Canada

Company Contact Information

Mr. Jack Stoch, President & CEO
Phone: +1 819-797-1470
info@globexmining.com

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Contact: editor@smallcaps.us

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