

Globex Mining Ent. (GMX)

Company Report – September 09, 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.

Revenues for the second quarter, ended June 30, 2017 were \$668,147 up 40.5% compared to \$475,442 in second quarter of 2016. Globex' revenues for the six-month period ended June 30, 2017 were \$1,148,541 as compared to \$530,442 in Q2 2016, a considerable increase of \$618,099 or 116%.

Since May 2017, Globex received royalties of \$320,725 as a result of Nyrstar restarting mining operations at its Mid Tennessee mine. Because production is still ramping up, Globex expects to receive over C\$120,000 per month from Nyrstar later this year.

In addition to Nyrstar's source of liquidity, Globex has a number of sale/option agreements in place which are estimated to generate gross option payments of in excess of \$1 million in 2017.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.21, which is 116% 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 50.2 million shares outstanding, and no debt. Since its listing in 1987, the Company has never executed a reverse stock split.



Market Data

| | |
|---------------------|------------------------|
| Price | \$0.56 |
| Sector | Metals & Mining |
| 52-Week Price Range | \$0.28 - \$0.63 |
| Shares Issued (m) | 51.2 |
| Market Cap (m) | \$28.09 |
| Listings | GMX (TSX) & GLBXF (US) |
| Website | www.globexmining.com |

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.

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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,, 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. Instead, 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;
- Are located on major geological structures.

The Company maintains a tight capital structure with close to 50.2 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, Berlin, Stuttgart, Munich, Tradegate and Lang Schwarz stock exchanges 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 are turning around, Globex' revenue is significantly increasing, 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, historical 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 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 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 |
| 2016 | \$0 |
| 2017 (to date) | \$320,725 |
| 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 would restart its Mid Tennessee mining and processing operations. This decision is supported by the recent increase in the zinc price (also see The Market).

Mill processing operations commenced in May 2017. As a result, in July 2017, Globex received its first royalty since the restart of CDN\$198,808 (US\$150,272) for the production of zinc during the months of May and June. Also, last month the Company received a royalty payment of CDN\$121,917 (US\$96,081) for the zinc production during the month of July.

Note that royalty of July was received based upon 2,373.4 tonnes of zinc production at an average zinc price of US\$1.26 per pound. Note however that the current zinc price is already up to US\$1.40 per pound and that the

mine and mill at Mid Tennessee are still in ramp up phase. The objective of Nyrstar is to produce 50,000 tonnes of zinc concentrate per year, or 4,166.7 tonnes per month by November 2017. Consequently, Globex’ monthly royalty payment is expected to go up significantly by year-end.

At full capacity, Globex anticipates receiving royalty payments from Nyrstar of about \$2 million per year. This is a very attractive financing method to advance Globex’ other projects without any shareholder dilution.



Ongoing mining activities at Nyrstar’s Middle Tennessee Mines.

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.

PROPERTY PORTFOLIO

The heart and soul of Globex is obviously its property portfolio. Of the +150 projects that it currently holds, 72 are focused on precious metals (gold, silver, platinum, palladium), 47 on base metals and polymetallic (copper, zinc, lead, nickel), and 32 on specialty metals (talc, iron, lithium, manganese, feldspar). The assets also include more than 40 former mines and over 50 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 Normet 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 has started 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.

Globex has acquired and is compiling data from previous work conducted on the property with the intention of designing an exploration program..

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.

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.

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 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 work 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.

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. Globex is currently undertaking mineralogical studies intending to produce an updated NI 43-101 Resource.

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

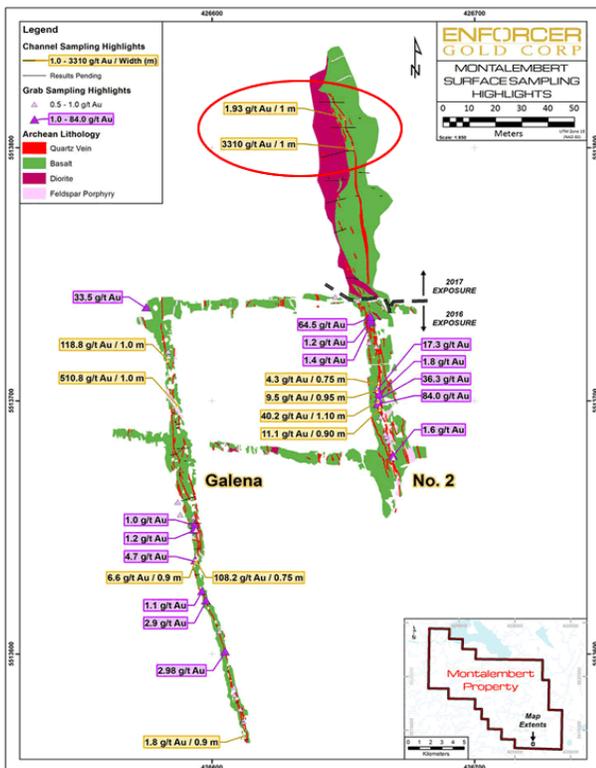
In 2015, Globex acquired a 100% interest by staking the Montalembert high grade gold property located approximately 10 km northwest of the Cree Village of Waswanipi, Quebec. The property consists of 100 cells totalling 5,516 hectares.

Preliminary exploration by Globex included line cutting, mapping, prospecting, rock sampling and a magnetic survey. The Company cut a 46line 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.



The Galena and No. 2 veins on the Montalembert property.

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.

Enforcer Gold has recently started a comprehensive field exploration program at

the property. So far, the company has completed 490 m of channel sampling over new and existing trenched exposures including the No. 3 Vein located ~175 m south and along strike of the No. 2 Vein.

In addition, 260 rock samples have been collected from mapping and prospecting over a 1.5 km x 1.5 km area that encompasses the Galena and No. 2 veins. Partially received results from these rock samples have prompted follow-up work in several areas.

Moreover, Enforcer has conducted over 45 line-kilometres of induced polarization (“IP”) survey. The company is currently reviewing the 3D modelling and interpretation from the ground IP survey.

Finally, Enforcer has drilled 20 large diameter HQ drill holes totalling 2,227 m. However, due to the busy summer exploration season the assay labs are jammed to capacity. Consequently, the assay results are coming in very slowly.

One result from drilling that Enforcer did announce was that it noted visible gold in drill hole MDD17006, which tested the No. 2 vein. It intersected sheared basalt over a 2.3 m downhole core length (true width currently unknown) with visible gold noted within a grey quartz veinlet at 28 m downhole, or ~20 m vertical depth.

Francoeur-Arntfield Gold Mines

On March 3 2016, Globex signed a Binding Letter of Intent with Richmond 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 Richmond 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 Richmond 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.



Trenching activities at Globex' Francoeur/Arntfield property.

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).

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. It is surprising that surface material with such high gold values was deemed not worth following up upon and mining at the time.

Globex has recently commenced excavating three 100 metre long trenches at its Francoeur property. An area of 100 m by 70 m was first cleared in preparation for the trenching. The next phase will be to power wash the newly exposed bedrock, map the geology in detail and sample all channel sample all newly exposed roc, which will then be assayed for precious metals.

The goal of Globex in the current program is to expose the wide zone of gold mineralization encountered in hole FS-16-35 and extend the mineralization to the east, thereby supporting the concept of an open pitable, large tonnage, low grade gold exploration model target.

Ongoing work elsewhere on the Francoeur/Arntfield property includes prospecting, surface sampling, mapping, compilation and structural interpretation. In addition, about 230 core samples from old drill holes, drilled by Richmond, have been submitted for assay.

Analysis of the drill core Globex will mostly focus on amassing data from within the first 100 m of surface with the goal to outline a near-surface, low grade, large tonnage gold deposit similar to other such targets and mines currently in the Abitibi.

This is contrary to work conducted by previous owners of the property. Historical exploration and mining focused on narrow high grade gold shears and veins which could be mined by traditional underground mining methods.

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 sold 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

Work Advancing at Chibougamau Independent Mines

The Chibougamau mining camp, owned by Chibougamau Independent Mines Inc., consists of several distinct project sites, which are located within the Abitibi, all within approximately 20 kilometers of the town of Chibougamau, in Quebec, Canada.

In 2012, Globex spun out 100% of the Chibougamau assets in return for a 3% Gross Metal Royalty.

The Chibougamau camp, which totals 10,349 hectares, includes five former mines, two

unmined deposits (one copper-gold, one zinc-gold-silver), the down dip of three former sizable producers, and a large exploration position, which includes numerous under explored drill intersections of copper and/or gold.

This large land position is considered to be at an "advanced stage" of exploration, being located for the most part on the inferred lateral and depth extensions of the better copper-gold producers of the mining camp as well entirely encompassing over 50% of the camp's former copper/gold producers as well as a large vanadium, iron, titanium deposit (optioned to Vanadium One Energy Corp.).

The past few months Chibougamau has been advancing work on some of its assets. The focus has been on compiling historical data and prioritizing work so as to develop a better understanding of complex mineralization controls on several properties. In particular, work was directed toward the Berrigan zinc, gold, silver property, and the newly acquired Nepton copper-gold property.

Globex geologists identified at least three different emplacements and directions of mineralization on the Berrigan property. This explains the difficulties in the past to correlate numerous mineralized intersections into definitive bodies. With the new understanding of the Berrigan property, Chibougamau is in a better position to define individual mineralized bodies.

Thirty five channel samples of various mineralized structures were recently taken. Assays on eleven samples were already received from the lab. They showed that gold occurred in many samples (up to 8.17 g/t Au) as did silver (up to 144.6 g/t Ag). In one assay 1.42% Pb was also reported. You didn't mention the zinc?

At the 100% owned, Nepton copper-gold property, zones of massive and semi massive sulphides, rich in chalcopyrite (Cu) in a pronounced shear zone were observed, mapped and sampled. At this property seventeen grab samples were taken, of which seven were taken in the exposure of heavy chalcopyrite. These seven assayed as follows for gold, silver and copper:

| Sample # | Au (ppb) | Ag (g/t) | Cu (%) |
|----------|----------|----------|--------|
| E25211 | 365 | 7.6 | 3.32 |
| E25212 | 517 | 7.9 | 8.12 |
| E25213 | 141 | 8.9 | 5.03 |
| E25214 | 1515 | 5.4 | 2.59 |
| E25215 | 196 | 4 | 1.66 |
| E25216 | 118 | 5 | 3.91 |
| E25217 | 178 | 14 | 8.38 |

Assay results from seven grab samples taken in the exposure of heavy chalcopyrite at the Nepton Property.

Renforth Resources Discovers New Gold Zones at Globex' Parbec Property

In July 2017, Renforth Resources (CSE – RFR) discovered new gold zones away from its existing mineral resource at its Parbec property.

Company geologists found an area of approximately 70m by 170m of high ground surrounded by swamp and open water. This area was found to host several historic undocumented trenches and a small pit, the "Island Trenches".



The entrance of the 580 metres ramp.

Grab samples from the pit area returned attractive values of 9.60 g/t Au and 3.69 g/t Au, one sample from a nearby trench

returned 2.12 g/t Au. Due to these positive assay results the Island Trenches will be the focus of additional work later in the prospecting and trenching program.

In addition to these findings, visually similar material was also discovered at "Deerfly Ridge", located 300m northeast of the Island Trenches.

The Parbec Gold Property consists of 11 cells totalling 229 hectares in Malartic Township, Quebec. It is located 6 km northwest of the large Canadian Malartic open pit gold mine (Agnico Eagle Mines Limited and Yamana Gold Inc.) and adjoining the former East Amphi Gold Mine, all located on or near the world famous gold localizing Cadillac fault.

The property has been subjected to several drill programs by previous owners, which have indicated a historical series of gold zones. In addition, a 580 metre ramp (see image below) was excavated to allow bulk sampling of one of the areas of gold mineralization. All this work led to an initial resource estimate, which was updated by Renforth in March 2016.

| Category | Tonnes | Total Au (oz) | Au Grade (g/t) |
|-----------|-----------|---------------|----------------|
| Indicated | 263,230 | 33,592 | 3.62 |
| Inferred | 7,256,872 | 514,108 | 2.01 |

March 2016 Parbec Resource Estimate (0.5 g/t Au Cutoff). Source: Company press release.

Under the agreement, Renforth may earn 100% interest in the property in exchange for \$4 million in exploration expenditures, \$550,000 in cash payments and 2 million Renforth shares over 4 years. In addition, Globex will retain a sliding scale Gross Metal Royalty (GMR) based upon the price of gold such that Globex will receive 1% GMR at a gold price below \$1,000/oz, 1.5% GMR at a gold price greater than \$1,000/oz and less than \$1,200/oz and 2% GMR at a gold price equal to or greater than \$1,200/oz.

It is great to see that although the focus of the current program at Parbec is the unexplored portions on the property, the geologists are finding mineralized material. This indicates that the current resource could most likely be expanded.

The solid outlook at Parbec is excellent news for Globex, as Renforth will be inclined to pay the next option payment early next year.

Chalice Gold Mines Commences Drilling Program

Also in July 2017, Chalice Gold Mines commenced a AUD\$5 (CAD\$4.92) million exploration program to rapidly advance the East Cadillac (Nordeau East and West gold zones) and Kinebik gold projects, hosted in the prolific Abitibi Greenstone Belt, in Quebec, Canada. Chalice currently options the East Cadillac property from Globex.

The East Cadillac property is located 35km east of Val-d’Or and covers 16 kilometres (~10 miles) of strike of the eastern part of the Larder-Lake Cadillac Fault, which has a gold endowment of no less than +100M ounces.

The planned 9,500m drill program will test multiple targets, including extensions of the existing high-grade gold mineral resource and along the prospective Larder-Lake Cadillac Fault corridor. A majority of Chalice’s budget will be used to advance Globex’s portion of the East Cadillac project.

The East Cadillac project includes an initial indicated mineral resources of 225,000t @ 4.17g/t gold for 30,200oz gold and an inferred mineral resource of 1,112,000t @ 4.09g/t gold for 146,300oz gold, which the Company considers to have substantial growth potential.

No modern surface geochemistry, geological mapping or structural analysis has been completed in the district. Chalice has analyzed historical exploration information and merged this data with results from recent exploration activities undertaken by the Company. This compilation will provide the basis for an integrated approach to exploration targeting over the Company’s consolidated land position.

Chalice’s exceptional balance sheet of AUD\$53 million in cash and liquid assets means that it is well positioned to quickly escalate exploration activities if necessary.

To exercise its option, Chalice must over a four-year period, pay Globex \$590,000 and undertake \$2,500,000 in exploration expenditures. In addition, if Chalice earns a 100% interest in the claims, Globex will maintain a 3% Gross Metal Royalty on all metals and minerals produced from the property.

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.



5-year gold chart. Source: Kitco.com

Gold prices continue to surge higher driven by North Korea’s uncertainty and a weaker U.S. dollar. With prices hovering around \$1,350 per ounce, the yellow metal is close to its highest levels in nearly a year. 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.”



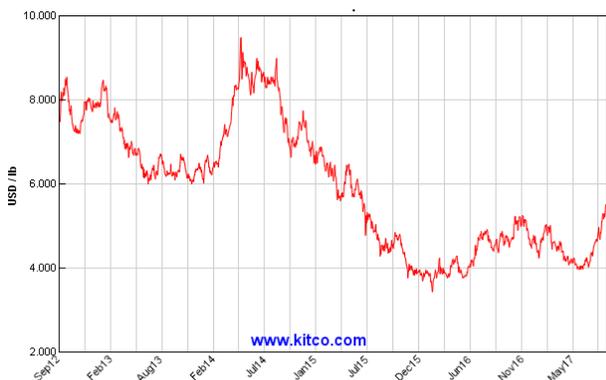
5-year silver chart. Source: Kitco.com

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 continue to very robust in 2017. With more mines expected to be affected by worker strikes in the coming months, the global copper deficit could even worsen. 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. Also Wood Mackenzie expects a deficit of 100,000 metric tons in 2017.



5-year nickel chart. Source: Kitco.com

Nickel reached a 52-week high in August driven by expectations of strong demand from top consumer China and concerns over supplies from top ore exporter the Philippines.



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.

At this time, there appears to be consensus that the commodity prices will increase over the near-term forecast period as a result of both the lack of new production capacity coming on stream and the recent decline in the U.S. dollar. Commodities are priced globally in U.S. currency so their prices typically move in the opposite direction from the U.S. dollar.

FINANCIALS

Revenues for the second quarter, ended June 30, 2017 were \$668,147, an increase of 40.5% compared to revenues of \$475,442 in the second quarter of 2016. The increase can be attributed to the receipt of zinc metal royalties of \$198,808 from Nyrstar.

Also revenues for the six-months period were up sharply. For the six months ended June 30, 2017 revenues reached \$1,148,541 as compared to \$530,442 in the first half of 2016, an increase of \$618,099, or 117%. The increase was due to the Nyrstar zinc royalty and net option income of \$949,733 in the current year as compared to \$530,442 in 2016.

During the first six months of 2017, Globex received option income from the following

optionees: Khalkos Exploration, Enforcer Gold, EnerSpar Corp, Galway Metals, Great Thunder Gold Corp, Manganese X Energy, Opawica Explorations, and RJK Explorations Ltd.

| | 06/30/17 | 06/30/16 |
|---|------------------|----------------|
| Revenues | 668,147 | 475,442 |
| Operating Expenses | 400,586 | 268,245 |
| Profit (Loss) From Operations | 267,561 | 207,197 |
| Other Income (Loss) | (321,094) | (79,664) |
| Income (Loss) Before Taxes | (53,533) | 127,533 |
| Net Income (Loss) | (177,607) | 58,611 |
| Selected income statement data for the quarters ending June 30, 2017 and June 30, 2016. Source: Company Filing | | |

Despite the strong increase in revenues, Globex reported a net loss for the second quarter of 2017 of \$177,607 as compared to an income of \$58,611 in the comparable period in 2016. The change however mainly reflects an increased decline in the fair value of shares of third party companies that Globex received under various mining option agreements. During the second quarter of 2017, the Company recorded a decline in the fair value of investments of \$300,463 as compared to an increase of \$133,032 in the first quarter of 2017.

All in all, Globex' financials are improving quarter by quarter thanks to an improved level of financings in the junior mining sector. **The trend of higher revenues is expected to continue in the foreseeable future as Nyrstar increases its zinc production at Mid Tennessee and more sale/option agreements are executed.**

Balance Sheet as of June 30, 2017

At June 30, 2017, cash and cash equivalents totalled \$1,943,112 compared to \$1,043,107 at June 30, 2016. The increase includes proceeds of \$795,000 from a private placement in June 2017. In total 1,119,718 shares were placed at a price of \$0.71 per share. The transaction price at that time represented an astonishing 54 percent premium to Globex' previous day closing price of \$0.46. This premium is a testament of the

significant undervaluation of Globex' stock price and the solid confidence of the new investor that better times are ahead.

| | 06/30/17 | 06/30/16 |
|--|-------------------|-------------------|
| Cash and Cash Eq. | 884,195 | 572,989 |
| Cash Reserved for Exploration | 1,058,917 | 470,118 |
| Investments | 1,032,943 | 527,176 |
| Total Current Assets | 3,212,759 | 1,741,512 |
| Mineral Properties | 3,078,760 | 3,034,505 |
| Deferred Exploration Expenses | 12,061,096 | 12,384,797 |
| Total Assets | 19,574,731 | 17,764,409 |
| Total Current Liabilities | 215,603 | 368,557 |
| Total Stockholder Equity | 16,917,123 | 15,680,683 |
| Selected balance sheet data for June 30, 2017 and June 30, 2016. Source: Company Filing | | |

In addition, it had Investments with a fair market value of \$1,032,943 compared with Investments of \$527,176 on June 30, 2016. These Investments represent shares received under mining option agreements.

The Company's working capital was \$2,997,156 at June 30, 2017 compared with \$1,372,955 a year ago.

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.

The proceeds from the recently completed private placement will be used to advance some of the Company's most attractive properties to ready them for optioning, joint venturing, or outright sale to a third party.

The adjacent Francoeur-Arntfield gold properties, for example, demonstrate the potential for a large tonnage low grade near surface gold deposit. The Company will conduct several hundreds of meters of trenching. In addition, it will map, strip and channel sample a large outcrop area in an initial exploration program. This is a very attractive project with lots of potential. In fact, we feel that Francoeur/Arntfield alone justifies Globex current market valuation of \$28 million.

At the Normetmar zinc deposit in Quebec, Globex has begun acquiring and compiling data from previous work conducted on the property with the intention of initiating an exploration program this summer. Several more projects are scheduled to be advanced during the coming months.

Next to the properties that Globex advances itself, it has dozens of option and royalty partners from which it regularly receives payments.

If all goes as planned, Globex should start to receive metal royalties of over C\$120,000 per month later this year from Nyrstar's mining operations.

In addition to this source of liquidity, Globex has a number of sale/option agreements in place which are estimated to generate gross option payments of in excess of \$1 million in 2017.

This is the true beauty of Globex. It has a steady revenue stream from option and royalty partners, which it can use to advance some of its own projects without causing dilution to its shareholders.

Aside from the strong upside potential of some of the projects in the portfolio, 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.

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 \$28 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 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 50 million shares outstanding, the intrinsic value of Globex' shares derived from our model is \$1.21. This is up from \$1.08 in

our previous report, which is justified thanks to improving market conditions for resource companies.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.21, which is 116% above today's stock price.

SHARE DATA & OWNERSHIP

As of June 30, 2017 Globex had approximately 50.2 million common shares outstanding. Jack Stoch and his spouse, Dianne Stoch (Executive Vice-President, Director of Globex) own 4.19 million shares, or approximately 8.4% 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 only 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 also has close to 3.1 million 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

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.

▣ JOHANNES H. C. VAN HOOFF – DIRECTOR

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 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.

▣ 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.

ANNUAL INCOME STATEMENT FY 2014 – 6M 2017

| PERIOD ENDING | FY 2015 | FY 2016 | 6M 2017 |
|--|--------------------|------------------|------------------|
| Revenue | 1,160,338 | 1,356,989 | 1,148,541 |
| Operating Expenses | | | |
| Salaries | 430,136 | 376,001 | 236,194 |
| Administration | 323,989 | 291,096 | 188,289 |
| Impairment of Mineral Properties * | 2,754,258 | 851,386 | 93,546 |
| Total Operating Expenses | 3,985,032 | 2,003,388 | 810,595 |
| Operating Income or (Loss) | (2,824,694) | (646,399) | 337,946 |
| Income from Continuing Operations | | | |
| Change in Fair Value of Financial Assets | (88,478) | (65,039) | (167,431) |
| Income (Loss) Before Tax | (2,869,188) | (632,169) | 183,489 |
| Income and Mining Tax Expense (Recovery) | (452,155) | (248,413) | 217,452 |
| Net (Loss) | (2,417,033) | (383,756) | (33,963) |

Annual Income Statement FY 2014 – 6M 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.



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