

Globex Mining Enterprises Inc. (GMX)

August 17, 2019

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.

The value proposition for Globex is enhanced by the strategy to build diversification amongst the holdings of the Company. This means that management is working to establish ownership of multiple properties, in different jurisdictions, and with leverage to many resources. Globex currently controls over 170 properties and/or property royalties.

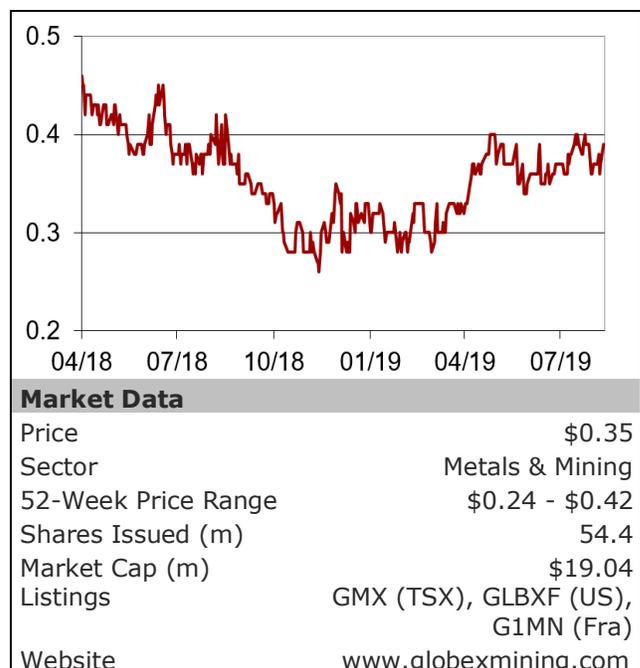
Property transactions and retained royalties enable Globex to participate in the success of exploration work funded by other players. This leverage to multiple projects and ongoing exploration activity improves the prospect for value creation.

The ability to recognize opportunities and the establishment of a diverse range of projects has positioned Globex among the most stable mineral exploration microcap stocks in Canada.

We reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.07, which is 205% above today's stock price.



- ▣ Since 2010, Globex has received royalties from Nyrstar's Mid Tennessee mine totalling close to US\$6 million, and expects to continue receiving between \$75,000 and \$125,000 per month in 2019.
- ▣ Globex shareholders may also be encouraged that the Company is working to support the share price through participation in a 1 million share buyback program that will contribute additional market demand for common stock, while also tightening the share structure. Globex already completed a similar program last year. Both programs demonstrate the strength of the balance sheet as Globex has maintained a cash position to afford the option to pursue this strategy.



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 or optionees - 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 along with exploration data and work credits.

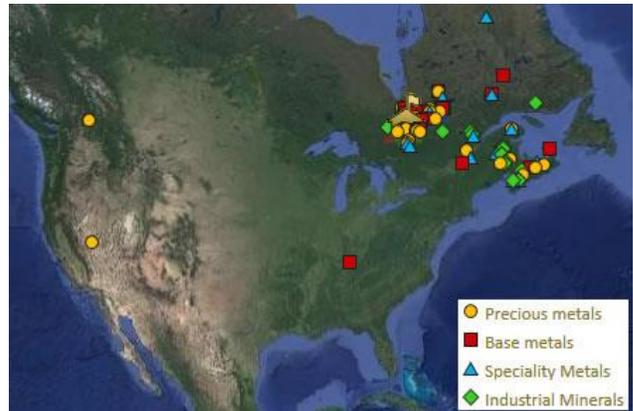
Outright property sales may include cash and/or share payments and a form of royalty interest payable when projects achieve commercial production, or another negotiated milestone.

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.

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

Globex' current mineral portfolio consists of over 170 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, vanadium, titanium oxide, iron, molybdenum, lithium, cobalt, rare earths and associated elements) and **Industrial Minerals** (mica, silica, feldspar, pyrophyllite, kaolin, graphite, antimony as well as talc and magnesite).



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

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.

In September 2017 however, the Company acquired a major historic silver mining district in Saxony, Germany. The property allows Globex to tap into a whole new market, while staying consistent with its strategy regarding operating projects in countries with a stable legislature (Also read Property Portfolio).

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 a little over 54.4 million shares outstanding, and no debt. Since its listing in 1987, it has never executed a reverse stock split.

Globex trades on the senior Toronto Stock Exchange under the symbol GMX, in the United States on the OTCQX International 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 seven 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 \$3,963,315 (2017). 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.

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.

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 (fully paid);
- Incur exploration expenditures of \$1,000,000 on the property (Completed); and

- Deliver a Preliminary Economic Assessment (PEA) to Globex on or before the fourth anniversary of the Option.

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. Since 2010, Globex has received royalties from Nyrstar totalling close to US\$6 million. Globex currently receives between US\$75,000 and US\$125,000 metal royalties per month from Nyrstar.

At June 30, 2019, Globex had a total of 58 royalty arrangements in effect at various stages.

PROPERTY PORTFOLIO

The heart and soul of Globex is obviously its property portfolio. Of the over 170 projects that it currently holds, 83 are focused on precious metals (gold, silver, platinum, palladium), 58 on base metals and polymetallic (copper, zinc, lead, nickel), and 31 on specialty metals (talc, iron, lithium, manganese, feldspar). The assets also include more than 40 former mines and over 53 properties have historic and/or NI 43-101 resources.

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 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 an 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 on their own justify Globex’s 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 City 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.

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.			

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).

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 historical 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 complete exploration of the numerous gold zones and then take the project into production.

Timmins Talc-Magnesite Deposit

Since the 1940s, a number 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 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.



Part of the Timmins Talc-Magnesite Deposit.

In 2016, Globex reviewed and reinterpreted drilling data and sample analysis acquired during the period 2008 - 2014. During the first nine months of 2017, the Company completed various analyses, including QEMSCAN (Quantitative Evaluation of Materials by Scanning Electron Microscopy) of infill drilling. This analysis and interpretation will be used to generate an updated resource estimate.

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 plays a vital role in environmental protection. It is used to treat industrial wastewater by removing silica and precipitating heavy metals. It is also used to reduce air pollution and in construction.

Globex furthermore continues to explore various opportunities for the potential

products that could be produced from this property.

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, 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 exploration potential to depth. 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.

Globex recently acquired 11 kilometers of the Eagle Gold Mine horizon which has a number historic gold bearing drill holes.

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 gold, zinc and copper prices have gone up significantly.

Francoeur-Arntfield Gold Mines

In March 2016, Globex signed a Binding Letter of Intent with Richmond Mines Inc. to acquire a 100% interest in the Francoeur and Arntfield Mines, west of Rouyn-Noranda, Quebec. The purchase included a modern

office building, headframe and hoist, core facility, machine shop and sundry equipment.

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)) had 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 and 3 fully developed levels.

Prospecting in different areas of the property including Arncoeur, Murphy zone, Francoeur shaft #1, Arntfield shaft #1, led to a trenching program completed over late summer consisting of 9 trenches over a strike length of 302 meters and averaging 4 meters in width.

Results showed that the Francoeur-Wasa Shear is the dominant structural feature extending through the property and is associated with no fewer than six historic gold mines on the property. A secondary "South Shear" has been identified at the property, at 50 metres south and property parallel to the Main Shear.

In 2018, Globex continued fieldwork at the property. As numerous high-grade gold intervals had been reported from previous campaigns, the Company shifted its efforts to target new discovery zones which had the potential to build on the resource magnitude for the project.

One such target, the 450 Zone located at the southern edge of the property, yielded attractive gold values in preliminary surface stripping and channel sampling. Gold zones encountered across substantial widths during this program included assay values in the range of 7 grams per tonne over 9 m. Some of the most promising channel samples were located near the southern property boundary and this suggested that additional gold-bearing structures could exist beyond the property limits.

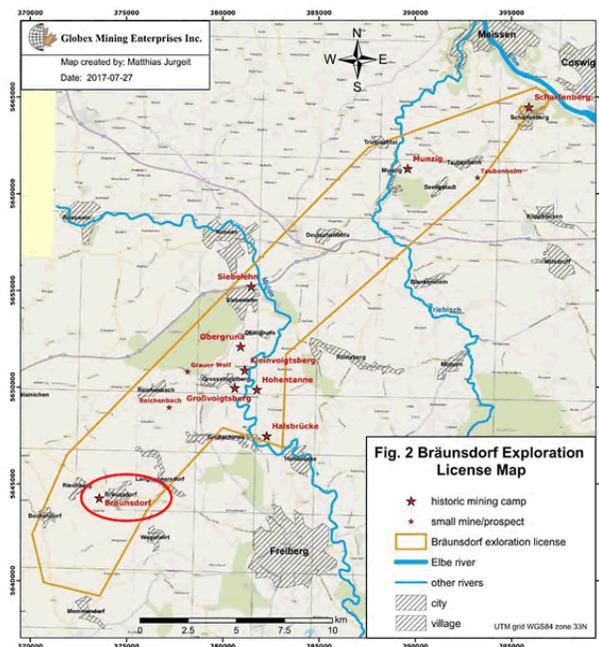
Prompted by the ongoing positive results from the 450 Zone, Globex seized the opportunity to secure ownership to adjoining claim groups

further to the south. This greatly expanded the property area controlled by the Company and also created a much more attractive gold target on which to potentially build resources.

In February 2019, Globex reported the definition of new target areas based on the interpretation of the recently completed induced polarization survey. While prior exploration work had achieved success targeting the primary structural corridor including the newly discovered South Gold Zone, the 450 Zone may be related in part to a new cross-trending system that has been identified, extending along a northeast-southwest axis. Of greater interest, the geophysical anomalies related to this system indicate that where this cross trend intersects the normal regional trend, it shifts to a parallel orientation and displaces it.

Freiberg Silver Mining District, Germany

When investors think about mining in Europe, they will most likely end up with an image of gold or silver mines in the Middle Ages when those particular commodities were used as currency. Globex Mining on other hand sees a 21st century investment opportunity.



The Bräunsdorf Property in Saxony, Germany.

In September 2017, the Company acquired a 5-year exploratory license for a major silver

mining district in the state of Saxony in Germany. The area, part of the well-known Freiberg Mining Field, is roughly 164 square kilometres (~63 square mile) large and consists of numerous previously active mining projects, with some dating back to the 12th century. Throughout its history, one area of the Freiburg silver camp, which Globex has termed the Bräunsdorf Silver District (see image above), has yielded at least 882 tonnes of silver (worth well over US \$450 million at current prices) from high-grade veins and relatively shallow levels.

Even though the area was alternately active or inactive for around 750 years, Globex sees a clear opportunity. The main reason for this is that the Bräunsdorf Property was never thoroughly nor modernly explored. Be it for obvious point in time technological limitations or economic reasons, all of the mines and overburden covered areas along mineralized trends were never revisited with modern technology and know-how. Given the quality of the previous deposits, this makes the area very attractive.

By compiling the historical data, the Company has already identified perspective areas where silver deposits may be found. On top of that, it is possible that the area may also be rich in other metals or minerals, such as graphite, gold, zinc, lead, barite, tin and fluorite some of which were mined in the past.

Early April 2019, Globex announced preliminary results from a ground magnetometer survey, which was conducted on the property earlier this year. The area surveyed covers a rectangular grid area approximately 6.5km long by 1 km wide elongated in a northeast-southwest direction covering the principal Neue Hoffnung Gottes (NHG) vein system including the Siegfried and Neue Hoffnung Gottes shaft areas and adjoining land to the northwest.

Historic production from the NHG silver vein system is estimated to be about 112.5 tonnes (3,616,959 oz. Ag) from a strike length of approximately 2,750m and depths of up to 250 m. All mining was manual pick and shovel mining followed by hand sorting undertaken between 1673 and 1862. Veins are reported to have reached widths of up to 4.2 m.

The magnetometer survey outlines a series of 3 parallel northeast-southwest trending, linear magnetic high anomalies. The NHG vein system seems to parallel the southeastern most of these magnetic anomalies within an area of magnetic low. The other linear anomalies suggest corresponding linear, parallel magnetic lows similar to the one beside the magnetic high that borders the NHG silver vein system. These are now priority target areas.

Securing ownership of a prominent past-producing mining camp with such a rich history of prior operations is a value proposition for shareholders. But considering the fact that the property has not been subjected to any, modern exploration activity, the potential for a new discovery at Bräunsdorf is more likely than a typical greenfields prospect. This makes the appeal that much greater as Globex continues with its active exploration program.

RECENT EVENTS

Chibougamau Drills Are Turning at Bateman Bay Project

Activity continues for Chibougamau Independent Mines Inc. [CIM] (CBG-TSXV, CLL1-Frankfurt, CMAUF-OTC) at its Bateman Bay Project located near the town of Chibougamau, Quebec. Early phase exploration work had identified a high-grade polymetallic target at the C-3 copper/gold zone. Initial drilling carried out by the Company validated this target with several impressive intervals in the first few holes.

Early August 2019, CIM reported further assay results from a series of drill holes targeting the C-3 copper/gold zone of the property. A total of 3441 meters of drilling has been completed so far in seven drill holes.

The objective during this round is to test for expansion of the copper/gold mineralization which remains open to depth. Promising results from this zone were reported in April, and CIM is now advancing with its focus to expand the resource area.

CIM

CIM was originally created as a subsidiary company that was divested to Globex shareholders in 2012. Now separately listed and trading, CIM is focused on advancing exploration work at Bateman Bay to outline a copper-gold and silver resource to build value for shareholders. Many of the same personnel from the Globex management team are working with CIM and Globex retains a 3% gross metal royalty on the Bateman Bay property.

Robust intervals of attractive grades continue to be encountered as the assay results from this round are received. One of the highlights from these assay results include a section of 3.06% copper plus 2.96 g/t gold and 13.04 g/t silver across an estimated true width of 10.6 meters in Hole 21. Another high-grade interval of 3.02% copper, 0.48 g/t gold and 20.20 g/t silver was reported over an estimated true width of 15.6 meters in Hole 22.



Part of the stripped area at the C-3 Zone.

These are considered very attractive results with promising economic potential for the C-3 Zone. As the scope of the exploration has expanded, the Company continues to deliver wide intervals of mineralization. This in turn will contribute to build a larger tonnage of polymetallic resources. The presence of cobalt and silver within the alteration may also contribute attractive by-products to the expanding copper-gold resource.

The drilling work indicates that the resource zone remains open for further expansion, to the southeast and northwest to depth. The

zone is also open towards surface to the southeast. Drilling work continues and CIM will present the next batch of assay results as they are received from the lab.

Work underway by CIM at Bateman Bay is another example of potential value creation for Globex shareholders due to the activity of another company. With the retained 3% GMR, Globex may gain a payment stream if the successful exploration work continues and results in a producing mine development.



Drill core from Bateman Bay.

Globex Acquires Standard Gold Property

A few weeks ago, Globex announced a successful property acquisition. The Standard Gold Property was vended to the Company in exchange for 160,000 Globex shares. A number of appealing factors regarding this project build a greater value proposition for shareholders.

The property is located in Quebec in Duvernay Township, within the prestigious Abitibi Gold belt. The district is well known for its endowment of mineral resources and is considered a safe, attractive jurisdiction for exploration. The project area is situated in proximity to several other projects controlled by the Company.

The terms of the deal secure 100% ownership of the property for Globex. There are no encumbrances, liabilities, or attached royalty considerations that may impair its value in the future.

The property is considered advanced, with extensive exploration and development work completed by previous operators. The Standard Gold Mine was once in limited production. Developed infrastructure included a shaft extending to a depth of nearly 400 meters. More recently, sampling and underground drilling work continued. While the active mining phase was focused on higher grade gold vein systems, the potential for a bulk tonnage lower grade gold deposit is also attractive.

Historical exploration records are available from previous work at the project area. A number of high-grade gold intervals were achieved from drilling and underground sampling programs. This database includes a section of 2m bearing 22.3 g/t gold and another one of 1.5m with an average of 90.3 g/t gold. Numerous other high-grade gold intervals were reported across narrower widths. Additional chip sampling of the underground workings has also contributed towards resource definition. This will provide a head start for the next phase of exploration.

The acquisition of the Standard Gold Property presents another opportunity to Globex. Globex is currently compiling all available information on the property to determine the potential for further exploration. Most likely, the Company will try to seek an option partner for the property afterwards.

How Extraterrestrial Material Created Mineral Deposit

A number of positive factors continue to improve the overall outlook for the Crater Lake SE project held by Globex Mining. Located in Quebec, the project area is immediately adjacent to the Crater Lake project controlled by Imperial Mining Group Inc (IPG-TSXV).

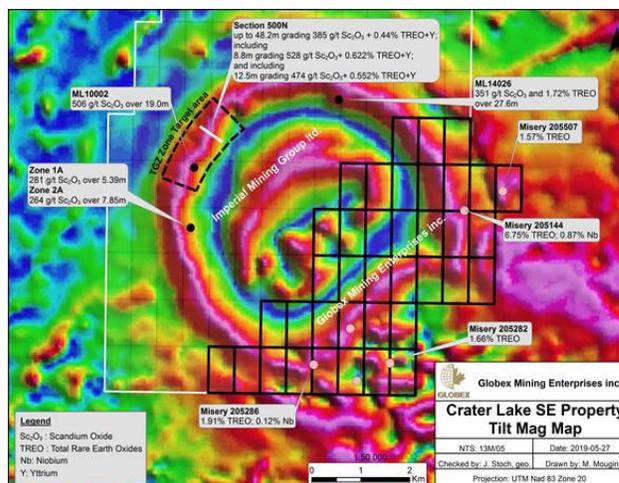
These projects were assembled based on the potential for the formation of a scandium mineral deposit related to the impact of a meteor. Several important deposits worldwide for a variety of metals have been documented in meteor craters. A historic drill hole by a previous operator of the project area contributed the initial indications for a

discovery. Assay results above 500gpt scandium were reported.

SCANDIUM

A somewhat exotic metal with few primary production sources worldwide, scandium is a critical component involved in the manufacturing of many high-tech products and may be combined with other metals to form high-strength alloys. As a commodity, scandium oxide may sell in the range of US\$1500 per kilogram.

Once Imperial had opted to acquire the northern and western portions of the crater feature to investigate the potential for this area, Globex was quick to seize the opportunity to acquire the remaining areas of interest surrounding the impact zone to the south and east.



Scandium Target Location Map, Crater Lake Project, Quebec.

Preliminary fieldwork programs and a geophysical survey completed by Imperial provided evidence to support a possible scandium deposit. Sampling was completed in some of the alteration features identified in the crater rim surrounding the impact area. This work demonstrated some high-grade assay values for scandium and rare earth elements. Subsequent geophysical interpretation outlined a number of magnetic anomalies localized around the periphery of the crater. Based on this information, Imperial decided to commence a drilling program.

In May 2019, Imperial reported the first batch of results from its drill campaign. Assays from the first two drill holes were indeed encouraging. They included a high-grade zone of more than 48m with an average of 385 g/t scandium oxide. Elevated levels of rare earth elements (REE) were also encountered.

The following month, Imperial presented another batch of assay results from its drill program. Again, the drilling encountered wide intervals bearing impressive grades of scandium. This included a section of nearly 114 meters with an average of 310gpt scandium oxide (Sc2O3). In another drill core, an average grade of 314gpt was reported across more than 95 meters. Attractive levels of REE were also associated with the alteration sections where scandium was present.

To put the results of the drilling program in context, this equates to a similar gross metal price as a discovery above 12 gpt gold. The additional potential by-product value of the REE content adds further economic appeal to the discovery.

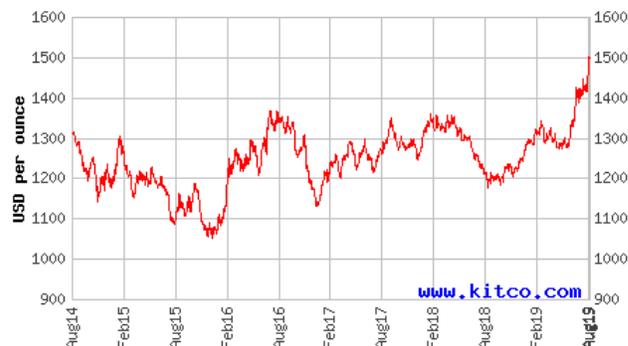
The drilling results now outline a large area of alteration, extending from surface and continuing to depths of more than 200 meters. At this early stage the geological setting would be favourable for potential open-pit mining to access the deposit.

The shrewd response by Globex’s management to secure adjacent land holdings at Crater Lake for minimal cost, may result in another profitable venture for the Company. Since there is no scandium deposit currently in production in North America the Crater Lake project has become much more attractive with the results reported by Imperial Mining. Globex may now advance with its own drilling program to validate and confirm that exploration potential or it may await a potential offer to vend this project at a premium.

THE MARKET

Although, as noted above, Globex’s number of properties typically grows during down years for commodities, its revenue significantly

increases when metal prices point upwards, as it is able to close more JV and option agreements. Therefore, it’s important to look at the overall market expectations for a wide number of major commodities.



5-year gold chart. Source: Kitco.com

Gold markets have broken out in the past couple of months. Now that we are above the \$1500 level it’s obviously a very bullish market.

All the fundamental factors behind the gold’s rally remain intact – the ongoing US-China trade war, lower-for-longer US interest rates, heightened global growth worries and safe-haven status as equity markets become increasingly volatile. All these positive drivers remain and will continue to support the precious metal although the recent sharp movement higher may be partially re-traced as short-term speculators take handsome profits.



5-year silver chart. Source: Kitco.com

Silver scaled a 1-year peak in recent weeks, breaking \$17 per ounce, as investors continued to pile into safe havens to hedge against heightened U.S.-China trade tensions.

A trade war between the U.S. and China rapidly escalated when U.S. President Donald

Trump said he would impose additional tariffs on Chinese goods. China responded by allowing its currency to weaken past the 7 per dollar mark, prompting Washington to label Beijing a currency manipulator. At the same time, central banks around the world continue to ease monetary policy, and therefore the precious metals could continue to benefit.



5-year copper chart. Source: Kitco.com

Copper prices continued to react to the turbulent relationship between the United States and China the past few quarters. At the same time, global refined copper consumption is expected to register steady growth over the coming years, driven by demand from the power industry and rising electric vehicle (EV) production.

Fitch, for example, forecasts that global copper demand will increase from 23.6mnt in 2018 to 29.8mnt by 2027, at 2.6% annual growth. Based on Fitch’s data, global refined copper demand will outpace production and the market will be in deficit over the next few years.



5-year nickel chart. Source: Kitco.com

The nickel price continues its way up, surpassing its 2018 high. With stainless steel

consumption remaining healthy and the outlook for nickel-intensive electric vehicle battery demand remaining promising, we expect this trend to continue.

According to McKinsey research if annual electric vehicle (EV) production reaches 31 million vehicles by 2025 as expected then demand for high-purity class 1 nickel is likely to increase significantly from 33 Kt in 2017 to 570 Kt in 2025. Class 1 nickel is the “high purity” nickel that is used in electric vehicle lithium ion batteries. The stainless-steel industry uses both class 1 and class 2 nickel (lower purity) and is the main driver of overall nickel demand.



5-year zinc chart. Source: Kitco.com

Wood Mackenzie forecasts a modest surplus in the concentrate market, **a recovery in the zinc price** and China's smelters making the necessary investments to become environmentally compliant is forecast to result in Chinese refined production rebounding. These factors should have a positive effect on zinc markets. Remember Globex has a zinc royalty related to the price of zinc.

FINANCIALS

During the three-month period ended June 30, 2019, revenues totalled \$963,994 which was \$394,929 higher than the \$569,065 reported in the comparable period in 2018. During the six-month period ended June 30, 2019, revenues totalled \$1,523,962 which was \$172,807 lower than the \$1,696,769 reported in the comparable period in 2018.

During the three-month period ended June 30, 2019, total expenses were \$924,360 as compared to \$672,230 in the comparative

period of 2018. This represents an increase of \$252,130 mainly related to an increase in share-based payments in the quarter ended June 30, 2019, to \$231,536 compared with \$nil for the three months ended June 30, 2018. The increase was due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.

During the six-month period ended June 30, 2019, the total expenses were \$1,815,869 as compared to \$1,180,826 in the comparative period of 2018. This represents an increase of \$635,043 mainly related to the increase in share-based payments as described above and an increase of \$141,760 in administration fees, which consist of office expenses, conventions and meetings, advertising and shareholder information, transfer agent, office maintenance and repairs and other administration.

	06/30/19	06/30/18
Revenues	963,985	569,065
Operating Expenses	924,360	672,230
Profit (Loss) From Operations	39,634	(103,165)
Other Income (Loss)	(71,934)	(194,026)
Net Income (Loss)	(70,632)	(336,088)
Selected income statement data for the quarters ending June 30, 2019 and June 30, 2018. Source: Company Filing		

Finally, during the three-month period ended June 30, 2019, Globex reported a net loss of \$70,632 as compared to a net loss of \$336,088 in 2018. During the six-month period ended June 30, 2019, Globex reported a net loss of \$258,670 as compared to a net income of \$82,987 in 2018.

Balance Sheet as of June 30, 2019

At June 30, 2019, the Corporation had cash and cash equivalents of \$1,947,488 (December 31, 2018 - \$2,704,326) and cash reserved for exploration of \$179,296 (December 31, 2018 - \$743,873). In addition, it had investments with a fair market value of

\$1,458,608 (December 31, 2018- \$904,544) which represents shares received under mining option agreements.

The Corporation's working capital (based on current assets minus current liabilities) was \$3,762,605 at June 30, 2019 (December 31, 2018 - \$4,228,989).

In July of this year, Globex that it closed a private placement. A total of \$1.24 million was secured by flow through arrangements priced at 45 cents per unit for Quebec residents and 40 cents per unit for non-Quebec residents. The benefit of flow through financing is that it enables investors to capture a significant tax deduction. This increases the overall return on investment and allows a higher issued price for the offering. The deal therefore allows the Company to raise more money with less dilution to existing shareholders.

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

	06/30/19	06/30/18
Cash and Cash Eq.	1,947,488	2,508,992
Cash Reserved for Exploration	179,296	464,341
Investments	1,458,608	1,034,033
Total Current Assets	3,972,409	4,330,663
Reclamation Bonds	782,896	783,805
Total Assets	5,206,735	5,590,679
Total Current Liabilities	209,804	426,230
Total Stockholder Equity	4,305,294	4,313,678
Selected balance sheet data for June 30, 2019 and June 30, 2018. Source: Company Filing		

OUTLOOK & VALUATION

Globex Mining Enterprises Inc. may be considered to be a hybrid junior resource company. Like most junior explorers, the Company controls attractive properties with the potential for exploration and discovery.

Investors' attraction for mineral exploration companies is driven by the potential for

spectacular gains that are often generated with the achievement of significant discoveries. One of the most important considerations regarding junior explorers therefore is the determination to carry out exploration programs and continue towards the achievement of at least one defined resource deposit.

The corporate strategy for Globex has leveraged to a large number of active exploration projects, each with the potential to advance along the value curve through the discovery of new resources.

With many promising exploration programs currently underway, Globex requires access to capital to fund this ambitious activity. The recent completion of the flow through financing, which secured \$1.24 million, enables Globex to maintain its aggressive pace of work.

The combination of attractive property holdings, a diversified business model, and a clean balance sheet with a well-funded treasury and no debt, has positioned Globex as one of the best junior mining stocks in Canada. As prices of many metals continue to rise, the potential for a new bull market phase is emerging. Historically, smaller exploration companies like Globex have presented one of the best options to participate in a resource bull market.

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 of Globex.

The Company currently has a market capitalization of about \$19 million for all its assets combined. For comparison's sake, take the Company's Francoeur-Arntfield Property. Any other company that has a single asset with the same characteristics as Francoeur-Arntfield, would easily trade at Globex' valuation. The Francoeur/Arntfield asset 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 54.4 million shares outstanding, the intrinsic value of Globex' shares derived from our model is \$1.07.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.07 which is 205% above today's stock price.

SHARE DATA & OWNERSHIP

As of July 23, 2019 Globex, had a little over 54.4 million common shares outstanding. Jack Stoch and his spouse, Dianne Stoch (director of Globex) own 5.27 million shares, or approximately 9.7% 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 54 million shares outstanding without a single reverse stock split.

Finally, Globex also has close to 3 million stock options outstanding with an average exercise price of \$0.30. 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 – Director**

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 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 Masters 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 2017 – 6M 2019

PERIOD ENDING	FY 2017 *	FY 2018	6M 2019
Revenue	3,963,315	3,050,420	1,523,962
Operating Expenses			
Salaries	506,617	421,046	162,309
Administration	345,030	333,580	339,744
Exploration & Evaluation Expenditures	1,564,867	1,428,395	743,479
Total Operating Expenses	2,887,317	2,540,476	1,815,869
Operating Income or (Loss)	1,075,998	509,944	(291,907)
Income from Continuing Operations			
Increase (decrease) in Fair Value of Financial Assets	(143,282)	(657,977)	9,524
Income (Loss) Before Tax	795,435	(28,254)	(264,991)
Income and Mining Tax Expense (Recovery)	40,549	67,373	(6,321)
Net Income (Loss)	754,886	(95,627)	(258,670)

Annual Income Statement FY 2017 – 6M 2019. Source: Company Filings

* During the year ended December 31, 2017, the Corporation changed its accounting policy for mineral properties and deferred exploration expenses to recognize these costs in the Statements of Income (loss) and Comprehensive Income (loss) in the period incurred, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources. Management believes that the change in accounting policy will result in clearer and more relevant financial information.

The previous accounting policy was that the mineral properties and the deferred exploration expenses were capitalized in respect of each identifiable area of interest, once the legal right to explore had been acquired, until the technical feasibility and commercial viability of extracting a mineral resource demonstrated.



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OTC: GLBXF
Frankfurt: G1MN.F

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