

## Globex Mining Enterprises Inc. (GMX)

April 25, 2020

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 close 200 properties and/or property royalties.

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 precious 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.

We reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.08, which is 191% above today's stock price.



- ❑ Globex anticipates continued payments on the royalty held for the Mid-Tennessee Mines operation. Several other advanced projects are approaching development or production that may begin contributing an income stream as well.
- ❑ Globex has a share buyback program in place with which it can repurchase up to 1 million of its own shares in the public market. This additional buying activity may support a higher overall share price for the stock. The program is an extension to two previously completed NCIB's form prior years during which Globex repurchased and cancelled a total of 1,583,500 shares.



Market Data	
Price	\$0.37
Sector	Metals & Mining
52-Week Price Range	\$0.26 - \$0.41
Shares Issued (m)	54.4
Market Cap (m)	\$20.1
Listings	GMX (TSX), GLBXF (US), G1MN (Fra)
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 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.

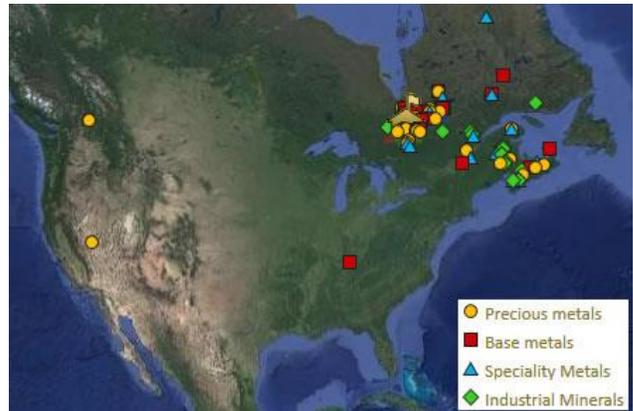
Outright property sales may include cash and/or share payments and a form of royalty interest payable when projects achieve commercial production, or another negotiated milestone.

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 almost 200 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.

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 almost 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, Tradedgate 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 more than US\$6 million. Currently the price of zinc has fallen below \$0.90 per pound so the royalty stream is suspended, but the zinc price has been slowly rising.

At December 31, 2019, Globex had a total of 55 royalty arrangements in effect at various stages.

## PROPERTY PORTFOLIO

The heart and soul of Globex is obviously its property portfolio. The Company's current mineral portfolio consists of almost 200 assets (one-half of which are gold properties). In addition, the Company recently staked a number of new assets and purchased a number of properties and royalties.

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
<b>Total</b>	<b>4,171,000</b>	<b>6.36</b>	<b>853,000</b>
<b>The Inferred Resource in 8 distinct gold zones for the Duquesne West Gold Property.</b>			

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.

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.

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

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

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 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 and three fully developed levels.

Prospecting in different areas of the property including Arncoeur, Murphy zone, Francoeur shaft #1, and Arntfield shaft #1, led to a trenching program of nine 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.



**Globex recently completed another diamond drill program at Francoeur/Arntfield with some very promising results.**

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 metres. 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.

During the second half of 2019, multiple phases of exploration activity were completed at several target areas of the project. These included trenching, surface stripping followed by channel sampling and diamond drilling.

A promising section of the 450 Zone was opened to further investigation in the fall. Surface stripping and subsequent washing of the exposed bedrock enabled channel samples to be extracted.

Assay results from the first phase of work were reported in October. Follow-up work was then initiated for the north side of this target section.

Assays from this northern perimeter trenching included several intervals spanning one meter

or more where attractive gold grades were encountered. The best section from this round was an interval of 4m bearing an average of 6.21 g/t gold. Grab samples from the same target area also yielded encouraging assay values up to 7.82 g/t gold.

To put this in context, large near surface gold zones may support open pit mining. Average gold grades in the range of 1-2 g/t may be lavishly economic for extraction. **For example, the Canadian Malartic Mine in Quebec is one of the largest gold mines in Canada. Operating successfully for many years, gold resources at Canadian Malartic average slightly higher than 1 g/t.** The potential for a large tonnage of lower grade gold to be defined near surface at Francoeur/Arntfield is therefore of interest even as the higher grade zones are being expanded further to depth.

Globex recently completed additional diamond drilling at another section of the 450 Zone, punching three shallow holes. This target was highlighted based on historical drilling work, where assays of 3.11 g/t gold had been reported over 5.91m in hole H-127.

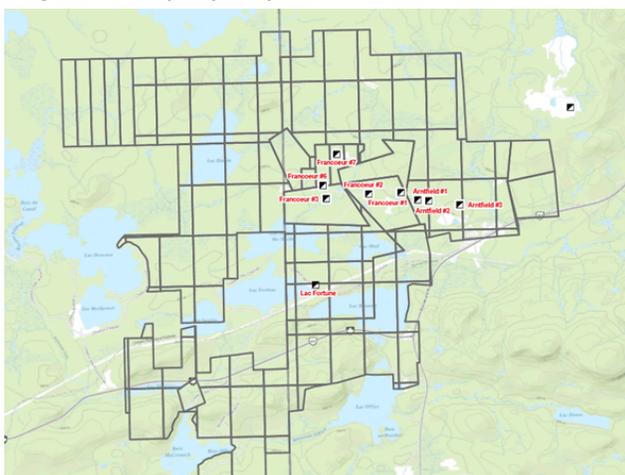
One drill hole targeted an extension further to depth of this historical intercept, and encountered a wider interval of 13.5m with an average of 1.47 g/t gold. A second hole tested further to the north of this intercept and extended deeper. Several mineralized zones were encountered, highlighted by a 2.4m section averaging 3.56 g/t gold.

The third drill hole was completed 50m to the east, intercepting a wide zone of 1.81 g/t gold from 76m to 87m down hole. This has been interpreted as the same shear zone that was encountered previously in historic drilling work, with a section of 24.7m reported that averaged 1.13 g/t gold. Within these intervals, smaller sections of higher grade were also noted.

The wide intervals of gold encountered within these near surface alteration sections are extremely attractive. Globex's management has expressed satisfaction with the results and the determination to follow up with additional drill work in the expectation to outline a larger deposit in this section.

Also of interest is that last month Globex purchased 100% ownership of the Lac Fortune Gold Mine (LFGM) property, which expanded the Francoeur/Arntfield gold property. The transaction was completed entirely for share capital. Globex has agreed to issue 250,000 shares in payment for the claim block. The Company also agreed to a 2% Net Smelter Royalty attached to the property, of which 1% may be purchased by Globex at any time for \$200,000.

The LFGM property is an attractive prospect on its own merits. The 395 hectares property is located in the midst of the most productive mining district in Quebec, as the famous Cadillac Break passes through the southern edge of the property.



**Lac Fortune is now part of Globex's large Francoeur/Arntfield gold package.**

Gold was discovered within the LFGM property area more than 100 years ago. The Lac Fortune gold mine was established in 1910 and commenced production. Thereafter, underground development continued and a total of three surface portals were eventually opened to provide access. The most recent production was halted in the 1960s although periodic exploration work continued intermittently through to the present.

Remnant gold resources documented from the historic mine are believed to be accurate. A deposit amounting to more than 230,000 tonnes of resources with an average grade above 5 g/t gold has been calculated based on estimates of resource zones from the old mine area but only using higher grade values in quartz veins and ignoring wide zones of low

grade. This historic deposit will require confirmation work to establish as a compliant resource. Nonetheless it certainly validates the discovery potential for the project area and may serve as a head start for a modern exploration program.

## 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.

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 saw clear opportunity, because 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.

In September 2019, Globex announced that it was divesting its Bräunsdorf Silver project to Excellon Resources Inc. [CSE:EXN] through an option deal enabling the latter to earn 100% ownership of the project. The transaction involves a series of cash and share capital payment terms, structured over a three-year period. There will also be a royalty grant to Globex at the conclusion of the option, and the potential for bonus

payments with the achievement of significant milestones by Excellon.

Under the terms of the Agreement, to exercise the Option and earn a 100% interest in the Silver City Project, the Excellon must:

- ❑ Pay C\$100,000 and issue 226,837 common shares of the Company (today worth approximately C\$225,000) to Globex at signing (completed on September 23, 2019);
- ❑ Pay C\$100,000 and issue Common Shares to Globex equivalent to C\$325,000 on or before September 23, 2020;
- ❑ Pay C\$100,000 and issue Common Shares to Globex equivalent to C\$425,000 on or before September 23, 2021; and
- ❑ Pay C\$200,000 and issue Common Shares to Globex equivalent to C\$625,000 on or before September 23, 2022.

Note that the payments at signing and at the first anniversary were firm commitments totalling a value of \$750,000, which was almost four times Globex's investment at Bräunsdorf to that date.

Over the 3-year term of this deal, the total cash payments amount to \$500,000, while the total payment in Excellon shares issued to Globex was worth C\$1.6 million when the agreement was signed.

In addition to this agreed payment schedule, a one-time bonus payment of \$300,000 in cash is due to Globex upon the presentation of a maiden resource estimate for the project. If the property is advanced through to commercial production, a second bonus payment of \$700,000 shall be payable to Globex.

Moreover, Excellon is obligated to continue with \$500,000 in exploration commitments in the first year of this deal. Thereafter the value of the Bräunsdorf Silver project may increase through a successful outcome of work funded by Excellon.

After the payment terms and work commitment of this option agreement have

been fulfilled, ownership of the Bräunsdorf Silver Project shall be transferred to Excellon. However, Globex shareholders will still hold leverage to the successful development of the project. A Gross Metals Royalty (GMR) will be retained for 3% of all precious metals production. A GMR of 2.5% will be retained for all other metals. The GMR leverage alone may amount to a significant value proposition to Globex shareholders.



**The Bräunsdorf Property in Saxony, Germany.**

Thereafter, Excellon may purchase 1% of the GMRs on both the precious metals and other metals by issuing payment of US\$1.5 million to Globex. The GMR commitments will remain in perpetuity through any subsequent property transactions in the future.

Since then, Excellon has sought permission to drill up to fifteen holes on various priority targets. The dossier was well received by the authorities, is advancing well and final approval to drill is expected shortly.

**It appears that Globex and Excellon have achieved the elusive win-win transaction objective with this option deal. Both companies in this arrangement stand to benefit. For Excellon shareholders, this is an exciting acquisition that diversifies its operations and builds further leverage to silver exploration.**

**Globex shall realize a substantial capital gain from the option deal. The cash portion of the payment schedule will provide Globex with additional funding. The retained royalty component also represents attractive upside potential.**

## RECENT EVENTS

### Globex Expands Tiblemont/Tavernier Property

Globex acquired three claims to expand its Tiblemont/Tavernier gold/copper/zinc property in Quebec. These three claims were important, as they prevented the Company from continuing to extend significant gold intersections along strike of the Maufort Mega Shear at the west end of the property which Globex already controlled.

At the boundary of the north end of the newly acquired claims, the Company immediately intersected gold values such as 19.6 g/t Au over 1.5 m, 2.46 g/t Au over 1 m, 3.91 g/t Au over 1 m, 23.6 g/t Au over 1 m, 7.5 g/t Au over 1.5 m, 5.9 g/t Au over 4 m, 9.7 g/t Au over 1 m and 4.29 g/t Au over 1 m.

Beyond the south boundary of the newly acquired cells, historical drill holes report up to 15.8 g/t Au over 3 m, 6.34 g/t Au over 6.8 m and 5.9 g/t Au over 3.8 m as well as a historical non NI 43-101 compliant resource of 87,000 t grading 5.8 g/t Au (Source Sigeom: Maufort Resources 1985).

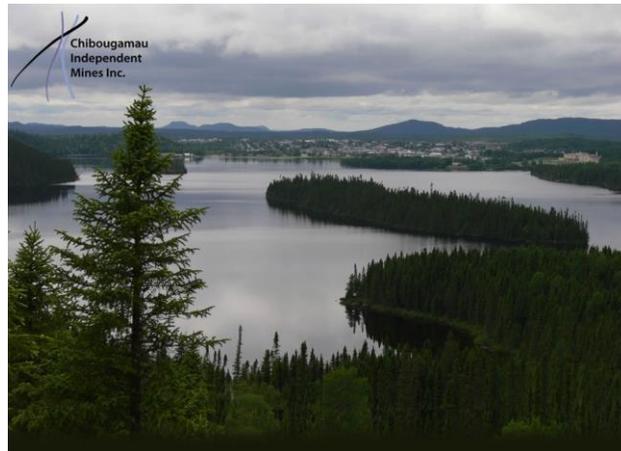
In addition to acquiring the claims, the Company also purchased an underlying 2% NSR attached to the property. The only remaining encumbrance is a 1% NSR, 0.5% of which the Company can purchase at any time for \$100,000 and a first right of refusal on the remaining 0.5% NSR.

In addition, at the east end of the 23 km long Tiblemont/Tavernier property, the Company acquired by staking 27 cells covering a number of mineralized occurrences, including drill hole MM-10-03 which returned 6.57 g/t Au over 1 m, 2.21 g/t Au over 1 m as well as other gold values over a 27 m wide shear zone, 3.37 g/t Au in a grab sample toward the south side of the claim block and the Jolin showing with gold values of 4.9 g/t, 2.8 g/t Ag, 4.84 % Zn and 0.19% Cu reported.

### Chibougamau Intersects Highest Grade Gold To Date

Late March, Chibougamau Independent Mines Inc. [CIM] (CBG-TSXV, CLL1-Frankfurt,

CMAUF-OTC) completed a four-hole drill program on its 100% owned Bateman Bay property, located 8 km east of the Town of Chibougamau, Quebec. The program was very successful, as CBG announced the highest grade gold values to date on the new C-3 copper/gold zone.



Part of the Bateman Bay property.

Hole BJ-20-29 assayed, in two separate zones between 433m and 444m deep, on average 2.40% Cu, 5.98 g/t Au, 13.03 g/t Ag and 0.024% Co over a core length of 10.65m. Note that true widths are thought to be fifty percent of intersection widths.

#### 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.

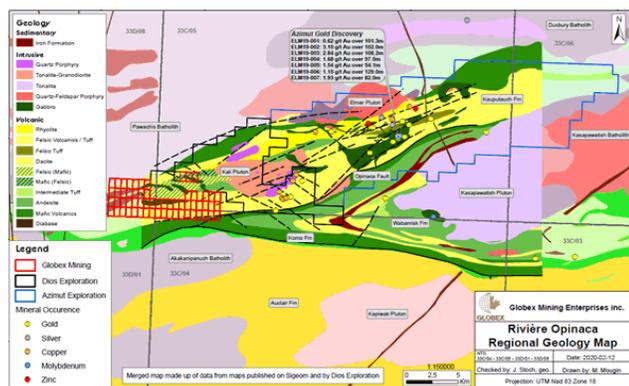
Hole BJ-19-27 intersected two mineralized zones returning the following assays: 2.49% Cu, 4.24 g/t Au, 11.1 g/t Ag and 0.014% Co over a core length of 9.25 m and the second zone returning 4.14% Cu, 0.55 g/t Au, 16.2 g/t Ag and 0.017% Co over a core length of 5.55 m.

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.

## Globex Acquires New Properties in High Profile Exploration Districts in Quebec

A new gold rush is building in the James Bay region of northern Quebec. Speculative attention within the district was captured in January when Azimut Exploration Inc. released a batch of assay results from its Elmer property. Azimut had launched a preliminary drill program late last year to test for near surface alteration and quartz veins. Wide intervals of gold alteration were encountered in all seven drill holes of that round. Of note, four of the drill holes yielded gold-bearing intervals spanning more than 100 meters. The results published by Azimut included a highlight result of 3.15 g/t gold across an interval of 102 meters. This is an attractive discovery with the potential to evolve into a significant gold deposit although the true width of the gold bearing formation is unknown at this time.



**Globex in total acquired 64 cells (red squares on the left) within the prospective Patwon regional strike.**

With the expectations running high for the region following the Azimut discovery, Globex made the strategic decision to assemble a package of land holdings along strike from the main discovery zone of the Elmer gold property.

The Company secured a total of 61 cells by staking, for a total property area of nearly

3,220 hectares. This land position is located approximately 16km from the Patwon Prospect discovery zone within the strike of the discovery rock formations.

To the north of this land position, Globex was also able to stake a second, smaller property area. Compromising just four cells, the block covers over 200 hectares. The geological setting for this small claim block is appealing. Distinct units of mafic and felsic volcanic rock are clustered in proximity to smaller cross trending fault structures. The contact zones of these rock units are highly prospective for gold-bearing alteration. This section is also in line with the Patwon regional strike, and is considered a priority exploration target.

Many of the new claim cells are adjacent to the boundary of the K2 gold project, controlled by Dios Exploration, another junior explorer active in the district. Dios reported last month that it is planning to commence a drilling program as well. Preliminary exploration at K2 has revealed promising anomalies bearing gold, silver, copper and zinc through a program of soil sampling completed at several targets on the property area.

Similar geological features and rock units have been outlined within the Elmer project, extending through the K2 property, and on to the land holdings now controlled by Globex. This highly prospective trend is part of the Opinaca River deformation zone. In total, the newly acquired groups of claims extend through 13 kilometers of some of the most prospective extensions of this evolving discovery district.

Globex was active to acquire additional land holdings elsewhere in the James Bay region. The Company also reported this week that it has staked 19 cells surrounding an area of surface showings where high grade gold and copper has been encountered. These claims are now assembled to form the Tyrone project. Historic exploration records for sampling work in the area has demonstrated numerous higher grade showings of gold and copper, encountered within Tyrone and in close proximity. Globex plans to analyze all available data from this area to develop an exploration plan.

The Tyrone property area is located within the Kakamas claim group held by Azimut. A copper/arsenic/antimony anomaly has been outlined at Kakamas, in the sediments from the basins of lake bottoms. Tyrone represents a potential extension to any subsequent areas of interest that may be defined as Azimut commences exploration at Kakamas.

Further, Globex is building its property leverage with a micro-diamond bearing kimberlite discovery north of Chibougamau. The Company staked 4 cells, covering two previously identified kimberlitic bodies. Diamonds are formed deep in the earth’s crust, but may be carried to surface in kimberlite pipes. The presence of kimberlite on these claims, located about 70 kilometers south of the Renard Diamond mine, is attractive. Historic drilling work intersected several kimberlite pipes within this new claims group. One micro-diamond was encountered by a previous operator.

Globex plans to further review historic records and consider more recent mineralogical data to form an updated exploration model. The strategy will also involve an assessment of the currently optioned Lac Savignac diamond project, also located within this district.

## 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

The past few weeks, gold prices reach new seven-year-highs. As we progress through the second quarter of 2020, the price action across the metals complex continues to resemble the trend last seen during the Global Finance Crisis in 2007-2008.

If history is anything to go by, then the stage is almost certainly set for gold prices to soar further and reach fresh 2020 highs in the months ahead.

Moreover, as central banks across the world embark on the largest money printing program ever in history, this could in addition lay the groundwork for gold prices to revisit the all-time high of \$1,900 reached in the autumn of 2011.

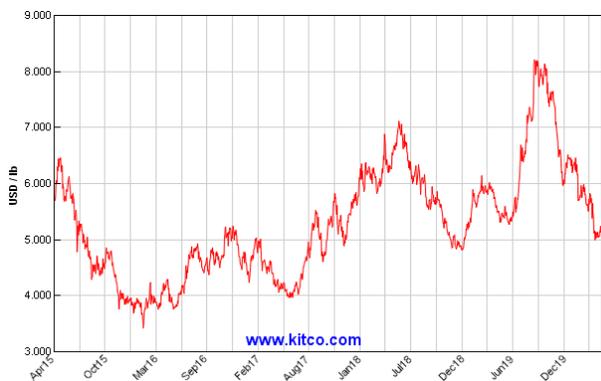


5-year silver chart. Source: Kitco.com

Silver prices are seeing a surge in momentum, and one research firm expects prices will continue to rise through 2020.

Looking to 2020, Refinitiv analysts said that industrial demand for silver is expected to suffer as the global economy has ground to a halt as a result of the COVID-19 pandemic. However, investment demand will continue to dominate the marketplace, the research firm added.

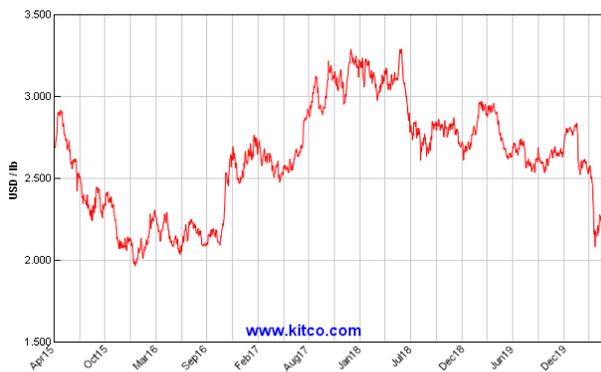
“We expect positive inflows into silver ETPs [exchange-traded products] to continue this year. Demand for bars and coins is forecast to rebound by 24%, partly driven by a buying frenzy across all the major markets as the silver price plunged to its lowest point in more than 10 years, as well as a renewed investor interest in safe havens later in the year once global financial markets stabilize,” said Cameron Alexander, manager of precious-metals research at Refinitiv.



**5-year nickel chart. Source: Kitco.com**

Although prices for the base metal were up almost 30 percent in 2019. One of the main drivers of this rise being Indonesia’s export ban news. However, by the end of the year it had already declined about 25% from its peak in the summer 2019. This trend continued in 2020 and obviously corona has even accelerated the decline.

Nickel prices are sensitive to weaker demand from sectors that consume stainless steel, such as home appliances, construction, the chemical industry, oil and gas facilities, and automotive production. These sectors will be affected by lower economic activity, due to the coronavirus spread, the next few months.



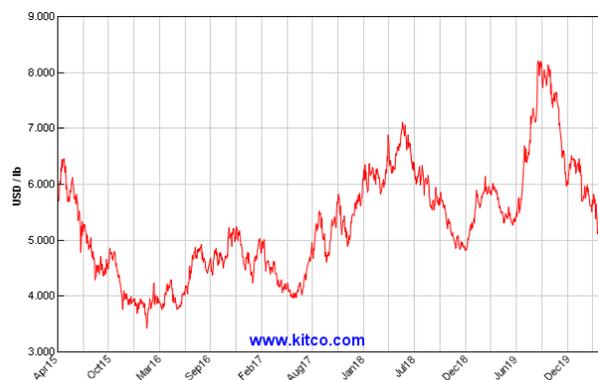
**5-year copper chart. Source: Kitco.com**

Uncertainty reigned during the first quarter of the year. On top of that, the impact of the coronavirus outbreak on the global economy caused base metals prices to hit multi-year lows. As China shut down its production lines and implemented virus containment measures, demand for infrastructure metals was hurt. Copper was no exception.

However, Capital Economics’ Kieran Clancy said, “By the second half of the year, we

expect the price of copper to start rising again, given that measures to contain the virus begin to be relaxed during this period.”

Also for Karen Norton of Refinitiv prices look to have bottomed for now, but further volatile swings are likely in a market where sentiment can change very quickly. She said, “Much will depend on how quickly major consuming nations are able to flatten their respective coronavirus curves, and in this regard China obviously will be monitored very closely. Overall though we believe the fact that there is already a supply response will help to limit the downside beyond the recent lows.”



**5-year zinc chart. Source: Kitco.com**

The outlook for zinc is quite similar. Short-term zinc prices are under pressure from growing inventories, while global demand is dropping due to the coronavirus, creating a larger-than-anticipated oversupply barring any major mine disruptions.

## FINANCIALS

For the year ended December 31, 2019, revenues totalled \$2,292,147 which was \$758,273 lower than the \$3,050,420 reported in the comparable period in 2018. The year’s revenues consisted of:

- option income and advance royalties of \$1,191,995 (2018 - \$1,234,985), and
- metal royalties of \$1,100,152 (2018 - \$1,815,435) from the Nyrstar Mid-Tennessee Mines.

During the fiscal year 2019, total expenses were \$3,416,012 as compared to \$2,540,476 in the comparative period of 2018. This represents an increase of \$875,536 mainly related to the increase of exploration and

evaluation expenditures by \$305,703, and increase in share-based expenses of \$144,425, and an increase of \$166,432 in administration fees, which consist of office expenses, conventions and meetings, advertising and shareholder information, transfer agent, office maintenance and repairs and other administration. This was offset by a decrease in salaries by almost \$80,000.

	12/31/19	12/31/18
Revenues	2,292,147	3,050,420
Operating Expenses	3,416,012	2,540,476
<b>Profit (Loss) From Operations</b>	<b>(1,123,865)</b>	<b>509,944</b>
Other Income (Loss)	(38,860)	(538,198)
<b>Net Income (Loss)</b>	<b>(1,046,112)</b>	<b>(95,627)</b>

**Selected income statement data for the fiscal year ended December 31, 2019 and December 31, 2018. Source: Company Filing**

Finally, the Corporation's net loss totaled \$1,046,112 for the year ended December 31, 2019, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$95,627 with basic and diluted income per share of \$0.00 for the year ended December 31, 2018. The increase in net loss was principally due to the decline in revenues.

### Balance Sheet as of December 31, 2019

At December 31, 2019, the Corporation had cash and cash equivalents of \$1,610,513 (December 31, 2018 - \$2,704,326) and cash reserved for exploration of \$1,239,999 (December 31, 2018 - \$743,873). In addition, it had investments with a fair market value of \$1,416,169 (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 \$4,477,875 at December 31, 2019 (December 31, 2018 - \$4,228,989).

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

	12/31/19	12/31/18
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
<b>Total Current Assets</b>	<b>3,972,409</b>	<b>4,330,663</b>
Reclamation Bonds	782,896	783,805
<b>Total Assets</b>	<b>5,206,735</b>	<b>5,590,679</b>
<b>Total Current Liabilities</b>	<b>209,804</b>	<b>426,230</b>
Total Stockholder Equity	4,305,294	4,313,678

**Selected balance sheet data for December 31, 2019 and December 31, 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.

In addition, Globex anticipates continued payments on the royalty held for the Mid-Tennessee Mines operation. Several other advanced projects are approaching development or production that may begin contributing an income stream as well.

Moreover, last month, Globex announced that an extension was granted for the Normal Course Issuer Bid (NCIB) by the TSX. Renewal

of the NCIB enables the Company to continue repurchasing shares for cancellation.

Based on the policy of the TSX, Globex may repurchase on any day up to 25% of the average daily trading volume, which represents up to 4,735 shares but now doubled due to the corona virus outbreak. In total, the Company may repurchase up to 1 million shares under the terms of the NCIB.

This additional buying activity may support a higher overall share price for the stock. The NCIB shall remain in effect until March 12, 2021. The program is an extension to two previously completed NCIB's form prior years during which Globex repurchased and cancelled a total of 1,583,500 shares.

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 precious 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 \$17 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 \$1.08.

**Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.08 which is 191% above today's stock price.**

## SHARE DATA & OWNERSHIP

As of March 20, 2020 Globex, had close to 54.4 million common shares outstanding. Jack Stoch and his spouse, Dianne Stoch (director of Globex) own 5.32 million shares, or over 10% 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 2.87 million stock options outstanding with an average exercise price of \$0.36. 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 HOOF – 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 – FY 2019

PERIOD ENDING	FY 2017 *	FY 2018	6M 2019
Revenue	<b>3,963,315</b>	<b>3,050,420</b>	<b>2,292,147</b>
<b>Operating Expenses</b>			
Salaries	506,617	421,046	341,449
Administration	345,030	333,580	500,012
Exploration & Evaluation Expenditures	1,564,867	1,428,395	1,734,098
Total Operating Expenses	2,887,317	2,540,476	3,416,012
<b>Operating Income or (Loss)</b>	<b>1,075,998</b>	<b>509,944</b>	<b>(1,123,865)</b>
<b>Income from Continuing Operations</b>			
Increase (decrease) in Fair Value of Financial Assets	(143,282)	(657,977)	(122,578)
Income (Loss) Before Tax	795,435	(28,254)	(1,162,725)
Income and Mining Tax Expense (Recovery)	40,549	67,373	116,613
<b>Net Income (Loss)</b>	<b>754,886</b>	<b>(95,627)</b>	<b>(1,046,112)</b>

**Annual Income Statement FY 2017 – FY 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.



**TSX: GMX**  
**OTC: GLBXF**  
**Frankfurt: G1MN.F**

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