

Globex Mining Enterprises Inc. (GMX)

February 27, 2021

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 approximately 193 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.

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 is an extension to two previous programs, during which Globex repurchased and cancelled a total of 1,583,500 shares.

We reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$2.10, which is 172% above today's stock price.



- A promising resource bull market is underway. This has the effect to build value for the ownership interests controlled by Globex in addition to the direct revenue that may be generated by future property transactions and royalty income. The value proposition is further enhanced through the impressive number of high quality properties directly controlled by the Company. With one of the largest portfolios of exploration prospects among all of the junior resource companies in Canada, Globex represents the ideal profile for shareholder value creation.



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.

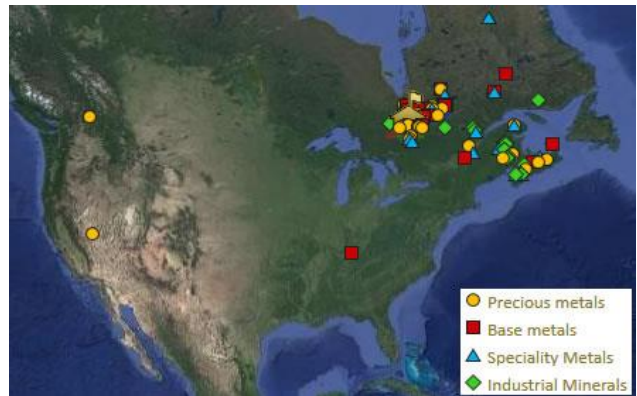
Outright property sales may include cash and/or share payments and a form of royalty interest payable when projects achieve commercial production, or another negotiated milestone.

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 approximately 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 a little over 55 million shares outstanding, no debt and over \$10 million in cash and shares of other companies. 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, L&S Exchange, TTM Zone 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 11 employees, including 7 geologists, and 2 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. Thanks to the revival in the resource sector, Globex in 2020 will far exceed its 2017 revenue (Also read Financials).

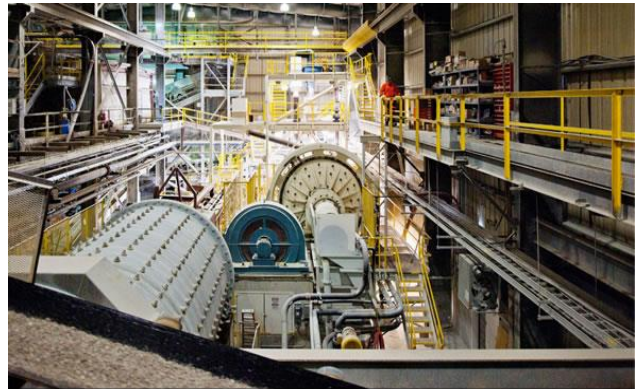
To clarify the Company's business model further, both an example of an option agreement as well as a royalty stream are described in more detail below.

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.



Ongoing mining activities at Nyrstar's Mid Tennessee Mine.

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.

Globex currently has a total of 69 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
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.

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)
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.				

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/Lac Fortune 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.

Early 2020, Globex also 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.

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.

In June of 2020, the Company announced that it would begin a geophysical program targeting the entire consolidated property area. Spanning an area of 4,155 hectares, the project was never before surveyed in its entirety in a single geophysical program. In addition, surface mapping, sampling and prospecting work would continue with the 'boots on the ground' approach that is an important part of early stage exploration.

A new type of helicopter was used, which enabled a very precise, low-altitude flight plan with just 25 meters spacing between each pass. As a result, extremely detailed and high resolution imaging was generated. The combined over flight pattern for this program amounted to 2,000 kilometers of surveying.

Management was extremely pleased with the quality and results of the survey.

Interpretation of the data provided greater clarity and insight towards definition of the subsurface geology. Displacement of vein structures along faults zones, concealed under layers of overburden, were illuminated through this technology. This will enable precise drill target selection for subsequent rounds of exploration.

RECENT EVENTS

Globex Acquires Antimony Property

Last week, Globex purchased 100% ownership of the Bald Hill project, located in New Brunswick. The property is comprised of 26 claims located approximately 60km southeast from the major city of Fredericton. The project area includes the historic antimony deposit along with land holdings surrounding the zone that is believed to represent excellent exploration potential.

In addition, a separate package of 8 claims was purchased, which are adjacent to Globex's Devil's Pike gold property (+100,000 oz. Gold). The Company has now established a core operating area within New Brunswick, including ownership of several other projects located nearby.



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

Antimony is considered a strategically important metal. Perhaps 180,000 tons of antimony is produced worldwide each year. China is the dominant producer with roughly 80% of the world supply. However, China has restricted output of certain projects and

begun limiting exports. Mine supply is also sourced from a handful of other producing nations including Russia, Bolivia, India and Mexico.

Since almost all of the antimony consumed in the United States must be imported, the metal is among a group of elements that is deemed critical to US interests. Further evaluation of the strategic importance may determine that the lack of production sources for antimony within North America represents a significant risk. This designation would create added value for advanced antimony deposits such as Bald Hill and serve as an incentive towards mine development.

The Company will look to vend the property in a pending transaction if a deal is presented at favorable terms. Globex has demonstrated the core competence to realize capital gains through partnerships and outright dispositions. This has contributed to the value proposition for the Company through the early phases of this resource bull market. Alternately, Globex may advance further exploration work at Bald Hill, to optimize the resource definition. Preliminary exploration would involve completing a detailed aeromagnetic survey, followed by a program of fieldwork including stripping, mapping and sampling.

Nippon Dragon Creates New Revenue Stream For Globex

A couple of weeks ago, Nippon Dragon Resources Inc. [NIP] reported that it had begun transforming its flagship gold property Rocmec 1 in Quebec into a dynamic mine through investments in exploration, development, infrastructure and equipment.

In fact, in January 2021 Nippon produced 1,000 tonnes of mineralised material. With the implementation of strict grade control procedures, the samples returned average grades of 6.5g/t. Plans have been completed to ramp up production to 3,000 tonnes per month within the next 6 months.

About \$33 million has already been invested towards rehabilitation of the formerly producing mine. Measured & Indicated

resources of 119,500 ounces of gold have been documented for Rocmec 1, plus nearly 360,000 ounces in the Inferred category of confidence.

Globex retains a 5% Net Metal Royalty on the first 25,000 ounces of gold produced from the mine, and a 3% NMR on all production output thereafter.

High Grade Silver Results at Silver City

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 the other hand saw 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. [TSX: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 Project, which Excellon renamed "Silver City", the latter 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.

In July of 2020, Excellon embarked on the first modern day exploration program at Silver City with a 15-hole diamond drilling program. The initial program was designed to test multiple targets based on the strike and dip extensions of historical workings, soil geochemical and geophysical anomalies and surface samples.

Late 2020, Excellon announced that 14 drill holes were completed totaling 3,299 meters. Excellon reported a batch of assay results from the first seven drill holes, which immediately served as confirmation of the untapped discovery potential for additional silver resources. Among the assay values reported, one interval of nearly half a meter of drill core encountered 911 g/t silver, plus attractive base metals content with a combined silver equivalent grade of 1042 g/t. This was located within a wider interval of about 2.3 meters that averaged 231 g/t silver equivalent grade.

A couple of weeks ago, EXN announced more assay results. Especially results from Grauer

Wolf target stood out with 1,043 g/t silver equivalent over 1.3 metres (954 g/t Ag, 0.1 g/t Au, 0.7% Pb and 2.0% Zn), within 194 g/t silver equivalent over 8.1 metres.



The Bräunsdorf Property in Saxony, Germany.

Ben Pullinger, SVP Geology & Corporate Development at Excellon commented, "This high-grade silver discovery at Grauer Wolf adds a fourth priority area for follow-up in our 2021 drilling program at Silver City. The discovery is on a geological contact that saw little historical mining, opening up a parallel strike for additional potential discoveries. Drilling to date has confirmed high-grade silver mineralization over 12 kilometres of strike within 36 kilometres of strike potential on the project, demonstrating the impressive scale of this epithermal silver system.

The Silver City project is a shining example of the successful long term strategy patiently advanced by Globex. The acquisition of this attractive yet undervalued property, followed by early stage work programs, established a foundation. The favorable transaction vending the property to a partner company generated net gains. And as Excellon embarks on exploration programs the retained royalty interest held by Globex may yet achieve further value creation.

Globex Recognizes Increased Proposition for Manganese

Electric vehicles are becoming more widely adopted, and the sales growth is expected to continue. The increasing demand may create supply issues for critical elements currently

used in the manufacture of batteries to power them. Cobalt is one of many critical elements that represent a potential bottleneck restraining production growth. It should be noted that China is already consuming a large percentage of worldwide output for the energy metals: lithium, graphite and cobalt. Research has been underway for some time to displace cobalt from the manufacturing process.

A new frontier for battery technology development aspires to achieve superior performance using other elements. Tesla is considering a new battery design that will incorporate high purity manganese to replace cobalt and resolve one potential supply issue. However this would then significantly increase demand for manganese if the technology is perfected. There is no current source of manganese within North America and all must be imported.

This exciting technology development is obviously of interest to Globex. The Company already retains a 1% GMR on the Battery Hill manganese project, which is 100% owned by Manganese X Energy. A successful outcome to develop a mine at Battery Hill will open the prospect for a stream of royalty payments to Globex from all manganese or other metals produced from the property. Moreover, the Company secured 2 million shares of Manganese X, as part of the deal to vend the project. The value of this minority share ownership continues to increase as the primary asset moves forward.

However, Globex recently opted to increase its leverage to the potential upside for manganese demand, as it acquired of another advanced manganese prospect. The Company secured ownership of a block of 24 claims encompassing the Glassville South manganese zone in New Brunswick.

The project area hosts a historic manganese resource that was originally defined in 1956. A program of seven drill holes targeting a geophysical anomaly had encountered attractive grades of manganese near surface. This work led to a preliminary historical non Ni 43-101 resource of more than 450,000 tons bearing an average of 11% manganese plus 8.45% iron. While this resource may not be considered accurate under current reporting

standards, it certainly does represent a compelling target for further exploration as a significant showing.

Globex has reviewed the technical data available for this prospect and believes that additional discovery potential exists in proximity to the currently outlined deposit zone. A drilling program could serve to confirm the previous encountered manganese zone. In addition, the setting for the Glassville South manganese zone is attractive given the conceptual footprint of the deposit area and the relatively shallow depth of the alteration. The economic potential for a mine development is therefore enhanced.

Once again, Globex management has recognized early stage potential for strategic elements and worked to build leverage for further upside. One should not underestimate the first-mover advantage achieved by the Company with this strategy. Globex has been able to secure ownership of attractive manganese prospects, achieving bargain-level acquisition costs.

Note that initial exploration work at the Battery Hill project advanced the property to enable a profitable transaction. Now, Globex is proceeding with the same strategy by acquiring the attractive Glassville South manganese zone that may also be rapidly advanced to a higher profile prospect.

The priority to develop a domestic mine supply for manganese may gain momentum with further development progress for a manganese battery design. If so, the additional resource leverage through this property acquisition may become a very shrewd investment.

Property Transactions Increase Globex's Cash Position

Next to acquiring new projects, Globex has also been very active vending properties. For a player with a suite of high quality exploration projects such as Globex, this current resource bull market presents an outstanding opportunity.

In the recent past, Globex, for example, sold several property holdings located near the

town of Val D'Or ended in a major cash sale agreement. Globex had assembled a cluster of claims in close proximity to the Sigma and Lamaque gold mines. These were held as the Sigma East and Sigma 2 properties.

Globex originally acquired all of the property cells involved in this transaction through staking. Globex recognized the potential value of these land packages due to exploration and development activity in the region. Also, historical exploration records indicate that erratic gold mineralization had been encountered in previous drilling work completed within the claim groups.

Sixteen property cell fractions of Sigma East were included in this deal, along with the Sigma 2 property. A subsidiary of Eldorado Gold Corporation, agreed to purchase these assets to consolidate ownership of a mine development. Eldorado operates the nearby Lamaque gold mine, where commercial production commenced just over a year ago. Under the terms of the transaction, Globex received a cash payment of \$1,606,000 from Eldorado.

In another deal, Globex vended a portion of its property interests within the Windfall Lake district to Osisko Mining Inc. The property claims comprise the Windfall East project, which were also acquired by Globex through staking. Similar to the transaction with Eldorado, the ability to recognize open property interests proximal to a high profile discovery area enabled Globex to capture ownership of a land position that could be sold shortly thereafter.

A total of six cells were involved in the deal, including one that is on strike and to the east of Osisko's Windfall Lake project. Three other cells are offset from the main structure to the southeast. The remaining two cells involved in the deal are situated to the southwest of the Black Dog deposit area. Globex continues to hold ownership of another cluster of property cells in the district related to its Windfall Property which is not part of this transaction.

Osisko paid \$100,000 in cash to secure 100% ownership of these holdings. Globex continues to retain a 2% Gross Metal Royalty on the Windfall East property cells in the event that

any subsequent metals production may be achieved in the future.

In total, the cash and share payments generated by these deals amounted to more than \$1,740,000.

Securing ownership of property interests in proximity to exciting exploration districts has been a successful strategy for Globex on numerous occasions in the past. Globex is able to respond quickly when high-profile exploration results and mineral discoveries are presented, in order to lock up available land positions nearby through staking. This creates a low cost of entry to build leverage to evolving discovery stories.

Property holdings that had been overlooked often become highly sought after as important parcels to consolidate larger projects. Globex is then able to achieve a capital gain through these transactions at premium valuations. Further potential upside may also be furnished through retained royalty interests.

Divestiture of Non-Core Royalties Creates Significant Value

A short while ago, Globex reported a transaction involving its royalty portfolio. The Company reached a deal to vend interests for five royalties (or portions of royalties) that are considered non-core holdings. This transaction was arranged with Electric Royalties Ltd [ELEC]. ELEC is a new company established to provide royalty leverage to specialty metals and minerals used for green energy applications.

The decision to vend these interests to a third party provided direct benefit to Globex as it received an immediate payment of \$500,000 in cash. In addition, Globex received 3 million shares of ELEC, which are worth \$1,080,000 at today's share price. This represents more than 6% ownership of Electric Royalties and creates leverage to potential future growth for these royalty holdings.

In total, royalty leverage to five separate property interests were involved in this deal. A 1% Gross Metal Royalty (GMR) was transferred for all vanadium produced from the Mont Sorcier project in Quebec. This

property was rolled into Chibougamau Independent Mines Inc. in 2011. Globex continues to retain a GMR of 1% for iron, titanium and any other metal produced from this property. A 2% GMR for manganese production from the Battery Hill property in New Brunswick was also transferred. Globex continues to retain a 1% GMR for this property.

Also as part of this agreement, several lithium royalty interests were transferred to ELEC. Lithium is considered one of the most important energy metals as it is incorporated into the batteries used to power electric vehicles. Although abundant lithium deposits have been identified, the scale of production will have to increase substantially to meet expected demand for this new consumption.

Finally, Globex transferred a 2% GMR for the Chubb and Bouvier projects. Located north of La Motte, Quebec, these properties are held by Great Thunder Gold Corp.

There is a recurring theme for each of the projects involved in this transaction. Globex initially acquires property holdings with leverage to specific metals and minerals. Thereafter the Company advances these projects to attract partners and arrange subsequent transactions. These deals involve cash and share capital, thereby contributing gains for Globex shareholders. Retained royalty interests provide the potential to add further value from these projects. Like the gift that keeps on giving, Globex is once again realizing a financial benefit for projects that are no longer considered primary assets.

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.

Gold was one of the best performing major assets of 2020 driven by a combination of uncertainty raised by the COVID-19 pandemic, low interest rates, and positive

price momentum – especially during late spring and summer.



5-year gold chart. Source: Kitco.com

If history is anything to go by, then the stage is almost certainly set for gold prices to soar further and reach fresh 2021 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 reached in the first half of 2020.



5-year silver chart. Source: Kitco.com

Roughly half of all silver that is mined goes toward a variety of industrial applications. Demand from industrial users usually doesn't fluctuate all that much. However, the next few years is likely to see a substantial increase in demand due to many "green" policies.

As silver is the most electrically conductive metal, it is vital in making many green applications. As a result, when industrial demand grows, the silver price is likely to go higher.

In addition, investment demand for physical silver has never been higher! Even when the COVID-19 vaccines came out investment

demand continued to surge. Investors clearly want exposure to silver.

When looking at the price of silver over the next few years, probably the biggest catalyst is monetary dilution. When the currency is debased, it makes real assets like silver (and gold) more valuable, since they can't be created with a few computer key strokes.



5-year nickel chart. Source: Kitco.com

Despite the uncertainty brought by COVID-19, nickel rebounded sharply in 2020 from its Q1 lows. We attribute this rise to a recovery in Chinese stainless steel demand tied to an economic recovery. In addition, positive investor sentiment around the use of nickel in electric vehicle (EV) batteries surged.

Looking ahead, that nickel demand from the battery sector will continue to accelerate, stimulated by EV-focused policies introduced as part of 'green' recovery plans in Europe, strengthening demand from the EV industry in China and the changing political landscape in the US.



5-year copper chart. Source: Kitco.com

Copper, like most commodities, has been a cyclical investment whose demand ebbs and

flows with economic cycles. Green initiatives around the world however offer a tremendous tailwind to copper prices, and will continue to do so in years to come.

While green initiatives require a wide range of raw materials, copper is key because it is a highly-efficient conduit. Renewable energy generation is up to five times more copper intensive than conventional power because it is more decentralized and requires multiple, smaller units to be connected to the main grid, according to Calamos Research. For example, a single onshore wind turbine requires more than four tons of copper.

These dynamics are already having an impact on the price of the red metal today. Benchmark copper on the London Metal Exchange (LME) increased 26% in 2020 and recently reached an eight-year high.

Also analysts at Goldman Sachs believe copper prices could soon test their existing record highs, saying the bull run for the industrial metal is now "fully underway."



5-year zinc chart. Source: Kitco.com

Demand for zinc declined in 2020 on the back of global lockdowns and containment measures. The second half of the year told a different story however, with prices rising sharply.

Some price support came from a tight concentrates market, but zinc usually trades in tandem with copper, and commodities markets across the board benefited from a weaker US dollar, huge stimulus, and strong demand for 'green' metals.

Chinese demand for zinc is expected to remain strong, as targeted infrastructure

stimulus will continue to be supportive. Worldwide, zinc will benefit from a greener auto sector.

FINANCIALS

The Company's revenues increased to \$6,601,256 for the three months ended September 30, 2020 compared to \$218,126 for the three months ended September 30, 2019. Globex reported option income and advances royalties of \$6,293,500 and metal royalty income of \$307,756 during the third quarter of 2020.

Exploration and evaluation expenditures increased to \$424,964 for the three months ended September 30, 2020, compared to \$384,781 for the three months ended September 30, 2019. The increase can be attributed to acquisition costs and exploration expenditures incurred on various projects.

	09/30/20	09/30/19
Revenues	6,601,256	218,126
Operating Expenses	694,021	628,064
Profit (Loss) From Operations	5,907,235	(409,938)
Other Income (Loss)	1,397,995	(27,485)
Net Income (Loss)	7,289,209	(482,585)
Selected income statement data for the three months ended September 30, 2020 and September 30, 2019. Source: Company Filing		

The Company's net income totaled \$7,289,209 for the three months ended September 30, 2020, with basic and diluted income per share of \$0.13. This compares with a net loss of \$482,585 with basic and diluted loss per share of \$0.01 for the three months ended September 30, 2019.

Balance Sheet as of September 30, 2020

At September 30, 2020, the Corporation had cash and cash equivalents of \$4,983,348 (September 30, 2019 - \$1,578,273) and cash reserved for exploration of \$315,329 (September 30, 2019 - \$1,461,692). In addition, it had investments with a fair market value of \$6,061,211 (September 30, 2019 -

\$1,401,333) which represents shares received under mining option agreements.

The Corporation's working capital (based on current assets minus current liabilities) was \$11,597,508 at September 30, 2020 (September 30, 2019 - \$4,547,121).

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

	09/30/20	09/30/19
Cash and Cash Eq.	4,983,348	1,578,273
Cash Reserved for Exploration	315,329	1,461,692
Investments	6,061,211	1,401,333
Total Current Assets	11,770,095	4,652,221
Reclamation Bonds	838,415	784,646
Total Assets	13,033,819	5,890,738
Total Current Liabilities	172,587	105,100
Total Stockholder Equity	11,880,691	4,911,361
Selected balance sheet data for September 30, 2020 and September 30, 2019. 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 maintains leverage to several projects through a suite of royalty holdings. For example, Nyrstar continues issuing monthly royalty payments to Globex. This royalty is based on zinc production from the Mid-Tennessee Mines. 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. Zinc has been trending higher for most of 2020 and is currently well above the \$1.10 level.

Income generated through property transaction payments is also significant. For example, the most recent installment of the Silver City transaction payment from Excellon was received in September 2020. Globex reported that it had received \$100,000 in cash plus Excellon stock valued at \$325,000 to complete the option terms for the second year of the deal.

In the first three quarters of 2020, Globex has reported net income of \$7.3 million generated from successful property transactions and royalty payments. This has contributed to a superb balance sheet, bolstered by more than \$10 million in working capital and no debt.

Globex is among the leaders in the entire sector in terms of exploration work commitments, and control of a large number of diversified property interests available to form future partnership opportunities. It is this approach towards full cycle value creation that is paying off for shareholders today.

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 \$45 million for all its assets combined. For comparison's sake, take the Company's Francoeur/Arntfield/Lac Fortune Property. Any other company that has a single asset with the same characteristics as FALF, would easily trade at Globex' valuation.

The Francoeur/Arntfield/Lac Fortune 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 55 million shares outstanding, the intrinsic value of Globex' shares derived from our model is \$2.10.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$2.10 which is 172% above today's stock price.

SHARE DATA & OWNERSHIP

As of September 30, 2020 Globex, had approximately 55 million common shares outstanding. Jack Stoch and his spouse, Dianne Stoch (director of Globex) own 5.3 million shares, or close to 11.3% 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 55 million shares outstanding without a single reverse stock split.

Finally, Globex also has 2.83 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 2018 – 9M 2020

PERIOD ENDING	FY 2018	FY 2019	9M 2020
Revenue	3,050,420	2,292,147	6,601,256
Operating Expenses			
Salaries	421,046	341,449	72,373
Administration	333,580	500,012	243,110
Exploration & Evaluation Expenditures	1,428,395	1,734,098	1,139,302
Total Operating Expenses	2,540,476	3,416,012	1,731,944
Operating Income or (Loss)	509,944	(1,123,865)	5,019,256
Income from Continuing Operations			
Increase (decrease) in Fair Value of Financial Assets	(657,977)	(122,578)	1,581,066
Income (Loss) Before Tax	(28,254)	(1,162,725)	7,174,879
Income and Mining Tax Expense (Recovery)	67,373	116,613	(3,578)
Net Income (Loss)	(95,627)	(1,046,112)	7,178,457

Annual Income Statement FY 2018 – 9M 2020. Source: Company Filings



TSX: GMX
OTC: GLBXF
Frankfurt: G1MN.F

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