

Globex Mining Ent. (GMX)

Company Report – December 02, 2017

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

As a result of the restart of Nyrstar’s Mid Tennessee mine in May 2017, Globex anticipates receiving royalties of at least between \$150,000 and \$175,000 per month. **This is just one of Globex’ recurring revenue sources.** The past few weeks, the Company received well over \$1 million in cash and shares. These funds will be used to acquire other attractive properties and to cover exploration and property maintenance costs.

The Francoeur/Arntfield property is a prime example of this strategy. Since Globex acquired it 1.5 years ago, it has been significantly advanced. It now demonstrates the potential for a large tonnage low grade near surface gold deposit in addition to the more classic Abitibi higher grade underground minable deposit. We feel that Francoeur/Arntfield alone justifies Globex current market valuation. Another recent acquisition is the Bräunsdorf silver property in Saxony, Germany. Thanks to the initial information that Globex obtained, **it’s clear that it** could become a promising endeavor.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.19, which is 176% **above today’s stock price.**



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

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

- Globex maintains a tight capital structure with 50.2 million shares outstanding, and no debt. Since its listing in 1987, the Company has never executed a reverse stock split.



Market Data	
Price	\$0.43
Sector	Metals & Mining
52-Week Price Range	\$0.38 - \$0.63
Shares Issued (m)	50.2
Market Cap (m)	\$21.6
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 - in exchange for:

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

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

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

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.

Revenues for the third quarter of 2017 were \$352,585 as compared to \$452,305 in 2016. While revenues for the nine-month period ended September 30, 2017 were \$1,501,126 as compared to \$982,747 in 2016. A strong increase of \$518,379, or 53% (Also read Financials).

Globex' current mineral portfolio consists of approximately 161 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, rare earths and associated elements) and Industrial Minerals (mica, silica, feldspar, pyrophyllite, kaolin, graphite as well as talc and magnesite).

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



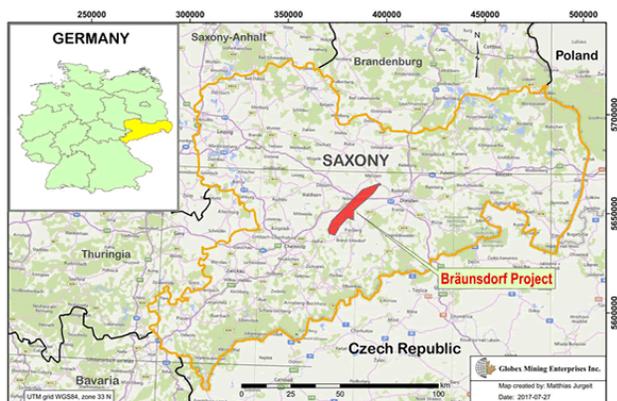
The Globex property map clearly shows the strong focus on Eastern Canada.

A couple of months ago, however, the Company acquired a major historic silver mining district in Saxony, Germany. The property allows Globex to tap into a whole new market, while staying consistent with its strategy regarding operating projects in countries with a stable legislature (Also read Recent Events).

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 Bräunsdorf Property in Saxony, Germany.

The Company maintains a tight capital structure with close to 50.2 million shares outstanding, and no debt. Since its listing in 1987, it has never executed a reverse stock split.

Globex trades on the senior Toronto Stock Exchange under the symbol GMX, in the United States on the OTCQX market with symbol GLBXF and in Europe on the Frankfurt, Berlin, Stuttgart, Munich, Tradegate and Lang & Schwarz stock exchanges with symbol G1MN.

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

Revenue Model

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

that royalty income dropped significantly, as companies closed operating mines.

Now that commodities markets are turning around, Globex' revenue is significantly increasing, as Option Partners are again advancing the Company's assets.

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

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

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

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

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

Manganese is essential in the production of stainless steel and as an alloying agent with aluminium. However, it has many other uses including in new alkaline batteries and rapidly developing lithium ion manganese batteries where MnO₂ acts as the primary cathode

material. This developing technology is promising as the magnesium-oxide components are abundant, non-toxic and provide better thermal stability. Adding to the potential of this project is the fact that there is no manganese production in North America, so savings in transport cost and the question of security of supply verses foreign sources enters the picture.

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

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

Year	Metal Royalty Income
2010	\$124,741
2011	\$490,525
2012	\$403,266
2013	\$69,522
2014	\$1,020,232
2015	\$605,282
2016	\$0
2017 (to date)	\$551,393
Globex’ annual royalty income from the Mid Tennessee Zinc Mine owned by Nyrstar.	

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

On September 27, 2016 however, Nyrstar announced that as a result of increased zinc prices it would restart its Mid Tennessee mining and processing operations. This decision is supported by the recent increase in the zinc price (also see The Market).

Mill processing operations commenced in May 2017. As a result, in July 2017, Globex received its first royalty since the restart of CDN\$198,808 (US\$150,272) for the production of zinc during the months of May and June. In total, the Company has received royalty payments of CDN\$551,393 from Nyrstar since the mine was restarted. Because

production is still ramping up to full production, and because zinc prices have been steadily rising, royalty payments are expected to increase. Production is currently at approximately 60% of capacity.

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



Located in the heart of Tennessee, the Nyrstar Tennessee Mines complex consists of six mines and two processing plants.

At September 30, 2017, Globex had 35 royalty arrangements in effect at various stages. The total number of royalty arrangements increased by 5 from January 1, 2017, again indicating that markets are improving.

PROPERTY PORTFOLIO

The heart and soul of Globex is obviously its property portfolio. Of the +161 projects that it currently holds, 76 are focused on precious metals (gold, silver, platinum, palladium), 50 on base metals and polymetallic (copper, zinc, lead, nickel), and 35 on specialty metals (talc, iron, lithium, manganese, feldspar). The assets also include more than 52 former mines and over 50 properties have historic and/or NI 43-101 resources.

As a rule of thumb, the Company only invests in properties that are located in countries with stable governments and mining laws. **In addition, the Company’s six full time** geologists live in the Abitibi region in Northern

Quebec. Consequently, they know the geology in the area extremely well. Moreover, they have a very good understanding of the exploration methods and the legal methods of acquiring ground in the region.

Below is 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 justifies Globex current market valuation.

Duquesne West Gold Property

The Duquesne West Property is comprised of 60 claims totalling 929 ha located 32 km northwest of the mining 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.

Over the years, the property has been optioned to many companies, including Noranda Exploration, Santa Fe Canadian Mining Ltd., Kinross Gold, Queenston Mining Inc., Diadem Resources Ltd., and Xmet Inc.

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

(cut to 30 g/t Au) or 853,000 oz of gold (uncut).

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

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

Duquesne West is also a perfect example of how Globex generates revenue from a project. When the Company first acquired the project, it only had a 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 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.

TALC & MAGNESIA

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

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

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

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

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

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, which is expected to be completed late 2017 or in the first half of 2018.

Globex 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, and gold mine.

Globex drilled several holes at the Eagle project and hit significant amounts of gold. The Company believes that it has the **potential to be expanded. That's also the** case for the Joutel Mine, which has 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.

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

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

now that zinc and copper prices have gone up significantly.

Francoeur-Arntfield Gold Mines

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

A mineral resource (Measured and Indicated 320,000 t @ 6.47 gpt Au (66,600 oz Au) and Inferred 18,000 t @ 7.17 gpt Au (4,150 oz Au)) has been identified by Richmond in the West Zone of the Francoeur mine using a cut-off grade of 4.3 gpt Au and a gold price of USD \$965. The resource remains open at depth and is accessible by shaft and underground ramp and 3 fully developed levels.



This image was shot in the southern part of the trench. The rusty area is a heavily altered carbonate zone. The rust indicates the presence of carbonate and pyrite.

Shortly after Globex acquired the properties, it began reviewing the large geological data bank to identify priority target areas for exploration. A few months later, the Company initiated a small drill program on the property with some remarkable results. For example, drill hole FS-16-35 intersected a near-surface gold zone grading 1.19 gpt Au over a core length of 74 m (242 ft).

Even more interesting is that 750 m to the southeast of drill hole FS-16-35, **Globex' Chief**

Geologist located an old trench partially exposed over a 20m length which in grab samples returned some amazing assays of 10.18 g/t Au, 10.15 g/t Au, 9.53 g/t Au, 6.79 g/t Au and 1.54 g/t Au. It is surprising that surface material with such high gold values was deemed not worth following up upon and mining at the time.

Prospecting in different areas of the property including Arncoeur, Murphy zone, Francoeur shaft #1, Arntfield shaft #1, led to a trenching program completed over late summer consisting of 9 trenches totalling approximately 302 meters in length and averaging 4 meters in width. Best results came from the South Shear located south of the main Francoeur-Wasa shear between Francoeur shaft #1 and Arntfield shaft #1, returning 9.52 gpt Au over 7.1 m including 15.4 gpt Au over 4.1 m. Also the main structure, the Francoeur-Wasa shear returned 8.07 gpt Au over 2 m (open to the south) east of Francoeur shaft #1 and 5.36 gpt Au over 4.2 m west of Francoeur shaft #1.

A +600 meter drilling program is planned to test the Main and the South shears near surface where gold zones were intersected in the recent trenching. Analysis of the drill core will mostly focus on amassing data from within the first 50 m of surface with the goal to better understand the nature and controls of the mineralization.

Historical exploration and mining focused on narrow high grade gold shears and veins which could be mined by traditional underground mining methods. Globex will seek to outline such traditional deposits but at the same time look for large tonnage, open-pit table low grade deposits.

Furthermore, in September 2017, the Company sold its Donalda gold property (Also read Recent Events) to Falco Resources Ltd. for which it received cash, shares, and a royalty stream on all future production. Most importantly, however, Falco also transferred 100% ownership to Globex of three mining claims (the Dickenson property) that are adjacent to the Francoeur/Arntfield project.

These claims, totaling 211.38 ha, may cover up to 1.5 km of the eastward extension of the

gold localizing Francoeur-Wasa Fault which is associated with six historical mines on Globex's Francoeur/Arntfield gold property. Previous drilling on the Dickenson property also reveals numerous gold intersections. Basically, the addition of these new claims improves the potential of the whole property yet again.

These recent trenching results enhance the potential of the Francoeur/Arntfield **project. It's clear that this property is likely to become one of Globex' key assets**, and could generate a significant new stream of news in the short term and potentially revenue for the Company sometime in the future.

Chibougamau Mining Camp

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

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

The Chibougamau camp, which totals 10,349 hectares, includes five former mines, two unmined deposits (one copper-gold, one zinc-gold-silver), the down dip of three former sizable producers, and a large exploration position, which includes numerous under explored drill intersections of copper and/or gold.

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

The past few months Chibougamau has been advancing work on some of its assets. The focus has been on compiling historical data

and prioritizing work so as to develop a better understanding of complex mineralization controls on several properties. In particular, work was directed toward the Berrigan zinc, gold, silver property, the C-3 copper zone on the Bateman Bay property and the newly acquired Nepton copper-gold property.

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

Thirty five channel samples of various mineralized structures were recently taken. Assays showed that gold occurred in many samples (up to 19.71 g/t Au) as did silver (up to 289.20 g/t Ag). In several assays, values of over 5% Pb and Zn were also reported.

Now that they have a better understanding of some of the directional controls of the mineralization in the Berrigan area, the Company hopes to be able to recompile the historical and recent drilling in order to define the mineralization in three dimensions along the principal structural controls.

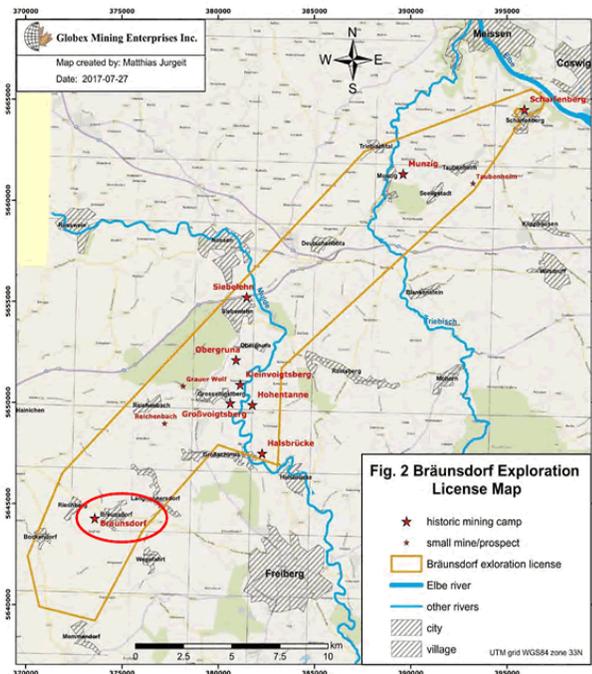
RECENT EVENTS

Globex Acquires Major Historic Silver Mining District In 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 Freiberg silver camp which Globex has termed the Bräunsdorf Property (see image below), has yielded at least 882 tonnes of silver (worth more than US \$500 million at current prices) from high-grade veins and relatively shallow levels.

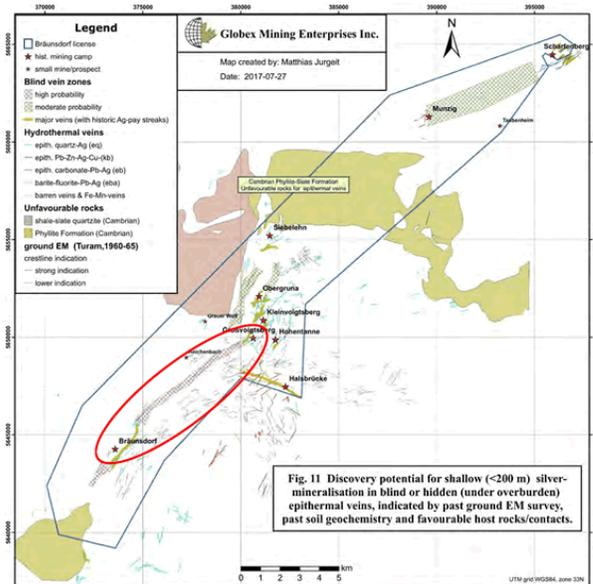


Even though the area was alternately active or inactive for around 750 years, Globex sees a clear opportunity. The main reason for this is that the Bräunsdorf Property was never thoroughly nor modernly explored. Be it for obvious technological limitations or economic reasons, some of the mines and overburden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

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

While Globex' property contains several interesting areas, the Company already identified one zone that deserves plenty of attention. It is a roughly 7 km (4.35 miles) stretch of land between two of the historical mining projects (Bräunsdorf and

Großvoigtsberg) as highlighted on the map below in red.



The underlying mining operations of both mines suggest that the silver veins continue in the area between each other which could mean that there is a connection between the two properties and a potential deposit. The Bräunsdorf mine yielded almost 113 tonnes of silver in the past with a grade around 1kg/t Ag and the Großvoigtsberg mine yielded roughly 31 tonnes at a high grade of up to 3.5kg/t Ag, which could mean that a significant amount of higher grade silver might be in between.

An in-depth exploration study was never undertaken likely due to the presence of overburden on the 7 km stretch of land.

Another area of interest is around the Munzig mining camp, which was never a fully operational mine due to the water issues, which are not likely to be a challenge anymore. While the grades of the deposits that were found in the 19th century were lower than in the rest of the area, the width of the vein was significant (up to 15 meters) and likely suggests further deposits.

While for now, these two zones might be attractive ones, given the scant exploration activity in the whole licensed area, Globex could have a good chance of discovering previously unknown deposits.

In the coming months, the Company will perform several initial research steps on top of the compilation work already done, which could lead to airborne and ground geophysical surveys or even a core drilling program next year.

All in all, this German project **significantly strengthens Globex' already attractive massive property portfolio.**

Sale of Donalda Property – Long-Term Upside

The fact that Globex owns a significant number of attractive properties, allows the Company to be flexible and opportunistic. When it thinks it is getting a good deal, it can sell one or two projects in order to either supplement its cash flow or to expand existing projects. The sale of the Donalda property to Falco Resources late September 2017 achieved both of these benefits.

The Donalda Mine Property, located in Quebec, Canada, consists of seven mining claims, covering approximately 146 hectares. In return for the property, Globex received \$300,000 in cash which can immediately be put to good use. Secondly, Globex also received units which consist of 350,000 shares of Falco and an equal amount of warrants that permits the Company to buy more Falco shares at a price of C\$1.15 per common share, for a period of 5 years. This allows Globex to benefit from any future success that Falco may achieve.

Additionally, Falco has agreed to grant Globex a 2.5% Gross Metal Royalty on all mineral production from the Donalda Gold Mine property. The royalty is especially interesting as the Donalda property is host to two continuous gold bearing quartz veins which had a historical resource of 1.5 million tonnes grading 6.9 g/t gold, of which approximately 790,000 tonnes were mined and approximately 710,000 tonnes remain unexploited. There are also indications that the gold deposits continue below 700 metres depth. Roumer is that Falco have already initiated a limited drill program on the property and on claims adjoining it.

Interesting to note is that Falco is very well capitalized, as it had roughly C\$53 million cash on its balance sheet at June 30, 2017 and just did a \$4 million flow through financing to support ongoing exploration, likely principally drilling, and thus should not have an issue moving the project forward.

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. **Therefore, it's important to look at the overall market expectations for a wide number of commodities.**



5-year gold chart. Source: Kitco.com

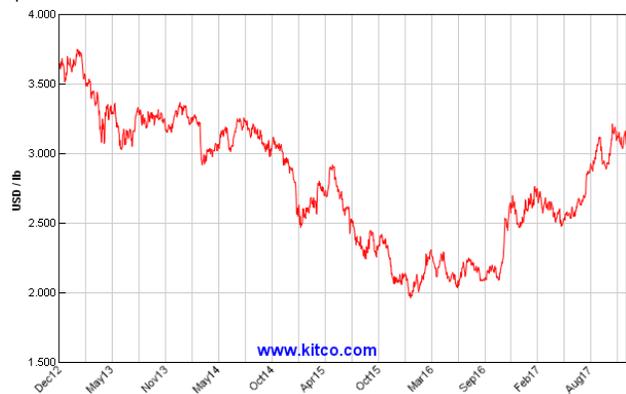
Eugen Weinberg, analyst at Commerzbank, said that record high equity valuations and a surging Bitcoin market are providing tough competition for gold prices.

He added that these are the two sectors he is **watching to determine gold's next big move.** While gold could remain range bound in the near term, Weinberg said his "gut feeling" is that **gold's next big move is to the upside.**



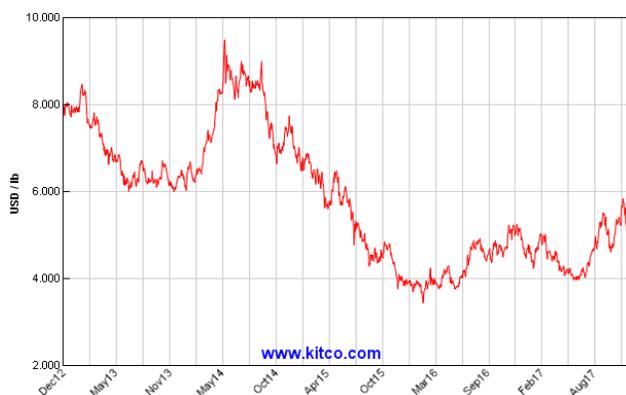
5-year silver chart. Source: Kitco.com

The CPM Group in their November outlook **mentioned**, "Silver prices have held above \$16.50 since early August. Seasonal strength in fabrication demand, the roll of the Comex December futures contract, and the political environment all make for an upward leaning price environment. If there is a price move lower, it will likely be short lived and should be considered a buying opportunity. Silver could rally toward \$18 and perhaps even **\$18.50**".



5-year copper chart. Source: Kitco.com

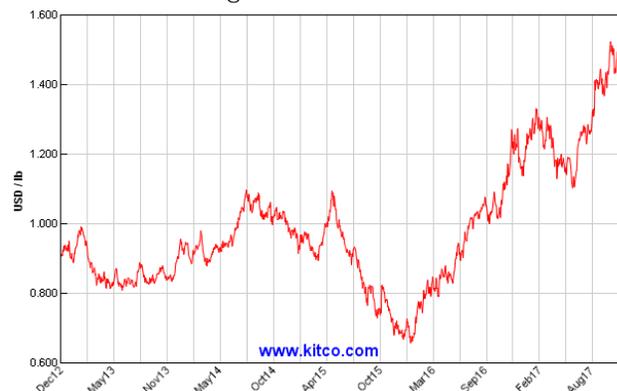
Supply disruptions at some of the key copper mines, including BHP Billiton Limited's (BHP) Escondida mine in Chile earlier this year and a strike action at Freeport-McMoRan Inc.'s (FCX) Grasberg operations in Indonesia, led to the decline in mined copper production and provide a boost to the price. Another factor that contributed to copper's rally is a sharp drop in output from Codelco - the world's biggest copper producer. Consequently, the outlook for copper prices continues to very robust.



5-year nickel chart. Source: Kitco.com

Optimism about future demand, notably associated with the electric vehicle sector, and the prospect of capacity cuts in China

continue to buoy investor sentiment towards industrial metals. Nickel is one of the metals that is benefitting from this trend.



5-year zinc chart. Source: Kitco.com

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

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

FINANCIALS

Revenues for the third quarter of 2017 were \$352,585 as compared to \$452,305 in 2016. No net option income was recorded in the third quarter of 2017 as compared to \$452,305 in 2016. On the other hand, zinc metal royalties of \$352,585 were recorded in Q3 of 2017 as compared to \$nil in the same period in 2016.

The revenues for the nine-month period ended September 30, 2017 were \$1,501,126 as compared to \$982,747 in 2016 with the increase of \$518,379 reflecting zinc metal royalties of \$551,393 (2016 - \$nil) and net option income of \$949,733 in the current year as compared to \$982,747 in 2016.

In the third quarter of 2017, total expenses were \$956,743 as compared to \$615,404 in Q3 of 2016. The net increase of \$341,339 represents an increase in salaries, professional fees and impairment of mineral properties.

Note that while impairment provisions have been made against various properties, **Globex'** management believes that a recovery will take place in the future representing a substantial portion, if not all of the costs. The exact recovery will be subject to a number of factors including the successful negotiation of option or sale arrangements. **It's important to know though that impairment provisions have no impact on the Company's cash flow or the cash and cash equivalents.**

While on the subject of cash flow, the Company recently reorganized its accounting force to save money. Globex hired two firms (Accounting and Corporate Services) to respectively supply a CFO and a corporate secretary. This will create a lower expense than having an individual in-house CFO. A smart move by Globex to reorganize its expenditures and save money.

	09/30/17	09/30/16
Revenues	352,595	452,305
Operating Expenses	956,743	615,404
Profit (Loss) From Operations	(604,158)	(163,099)
Other Income (Loss)	(56,186)	114,703
Income (Loss) Before Taxes	(660,344)	(48,396)
Net Income (Loss)	(459,405)	(71,570)
Selected income statement data for the quarters ending September 30, 2017 and September 30, 2016. Source: Company Filing		

The fourth quarter again looks very strong for Globex as the Company in recent weeks received over \$885,000 in cash and close to \$500,000 worth in shares from option partners.

First, Globex sold its Donalda gold property to Falco Resources (TSXV – FPC). In return, Globex received at total of:

- \$300,000 in cash;

- 350,000 Falco shares (currently trading at \$0.96/share = worth \$336,000); and
- 350,000 five year Falco warrants at a strike price of \$1.15.

Furthermore, Chalice Gold Mines (TSX - CXN) made an additional payment of \$170,000 to continue optioning the Nordeau East and West properties in Quebec which it is currently drilling.

Globex also received a second option payment from Enforcer Gold Corp. (TSXV - VEIN) to renew their option on the Montalembert gold project. The payment will be made up of \$300,000 cash and 2,000,000 Enforcer shares (currently trading at \$0.075/share = worth \$150,000).

Finally, Globex continues to receive its attractive monthly royalty payments from **Nyrstar's Mid Tennessee zinc mine.**

Balance Sheet as of September 30, 2017

On September 30, 2017, cash and cash equivalents totalled \$955,819 as compared to \$804,515 at September 30, 2016. The Company had cash reserved for exploration was \$744,306 at the end of the third quarter of 2017, while it was \$243,830 on September 30, 2016.

	09/30/17	09/30/16
Cash and Cash Eq.	955,819	804,515
Cash Reserved for Exploration	744,306	243,830
Investments	927,483	721,694
Total Current Assets	2,928,604	1,867,283
Mineral Properties	2,927,621	3,089,350
Deferred Exploration Expenses	11,907,412	12,188,731
Total Assets	18,974,988	17,746,009
Total Current Liabilities	360,045	234,572
Total Stockholder Equity	16,461,948	15,768,397
Selected balance sheet data for September 30, 2017 and September 30, 2016. Source: Company Filing		

In addition, it had Investments with a fair market value of \$927,483 compared with Investments of \$721,694 on September 30, 2016. These Investments represent shares received under mining option agreements.

The Company's working capital was \$2,568,559 at September 30, 2017 compared with \$1,632,711 a year ago.

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

OUTLOOK & VALUATION

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

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

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

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

As a result of the **restart of Nyrstar's Mid** Tennessee mine in May 2017, Globex anticipates receiving metal royalties of

between \$150,000 and \$175,000 per month at full production. **This is just one of Globex'** recurring revenue sources. In the past few weeks, the Company received well over \$1 million in cash and shares.

These funds will be used to acquire other attractive 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 Francoeur/Arntfield property is a prime example. It was acquired by Globex a little over a year and a half ago for a 1.5% Net Smelter Royalty (NSR), which the Company now purchased for \$25,000. Meanwhile, the project has been significantly advanced, as it demonstrates the potential for large tonnage, low grade near surface and/or underground higher grade gold deposits. We feel that Francoeur/Arntfield alone justifies Globex current market valuation of \$24.6 million.

Another major acquisition is the German Bräunsdorf silver property. Once again Globex shows why investors should pay close attention to what this smart project generator is up to. This German project not only further **diversifies the Company's portfolio** of attractive properties, but due to the initial information that Globex obtained, one can already see that there is hope for it to be a promising endeavor.

Given the fact that the mining and environmental laws in Germany are somewhat similar to those in Canada, it is unlikely that **anything unexpected should stand in Globex'** way.

Aside from the strong upside potential of **some of the projects in the portfolio**, Globex's top strengths are the high equity ownership of its management, its ability to maintain a tight capital structure, and its outstanding knowledge of the geology so that it knows where to look for more highly prospective properties.

Peer Comparison & Valuation

As **Globex has so many assets**, it's sometimes hard for investors and brokers to understand its true value, in contrast to a resource

company that is developing one or two properties. This situation has led to an undervaluation of Globex.

The Company currently has a market capitalization of around \$28 million for all its **assets combined. For comparison's sake, take the Company's** 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 50.2 million shares outstanding, the intrinsic value of **Globex'** shares derived from our model is \$1.19. This is about equal from our previous report.

Based on these calculations, we reiterate our buy recommendation for Globex Mining Enterprises with a price target of \$1.19, which is 176% above today's stock price.

SHARE DATA & OWNERSHIP

As of September 30, 2017 Globex had a little over 50.2 million common shares outstanding. Jack Stoch and his spouse, Dianne Stoch (Executive Vice-President, Director of Globex) own 4.19 million shares, or approximately 8.4% of the total outstanding shares plus stock options.

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

Finally, Globex also has close to 3.1 million stock options outstanding with an average exercise price of \$0.29. Each stock option

entitles its holder to purchase one common share of the Company.

MANAGEMENT

▣ JACK STOCH – PRESIDENT AND CEO

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

▣ DIANNE STOCH – EXECUTIVE VICE-PRESIDENT

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

▣ JOHANNES H. C. VAN HOOFF – DIRECTOR

Mr. van Hoof has held senior positions at various European financial institutions, including PVF Pension Funds, Paribas Capital Markets and Bankers Trust. His roles during the past 22 years include senior Portfolio Manager, senior Risk Manager, Deputy Head of global equity derivatives, Managing Director responsible for M&A arbitrage, derivatives arbitrage and venture capital investments as well as Chairman and Senior Executive Officer of Soros Funds Limited in London. In 2002, Mr. van Hoof founded VHC Partners alternative investment management

group, active in hedge fund management, corporate and project finance advisory services, private equity investments and charitable projects.

■ IAN ATKINSON – DIRECTOR

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

holds a Bachelor of Science degree in geology from **King's College, University of London** and a Master degree in geophysics from the Royal School of Mines, University of London.

■ CHRIS BRYAN – DIRECTOR

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

ANNUAL INCOME STATEMENT FY 2014 – 9M 2017

PERIOD ENDING	FY 2015	FY 2016	9M 2017
Revenue	1,160,338	1,356,989	1,501,126
Operating Expenses			
Salaries	430,136	376,001	421,544
Administration	323,989	291,096	259,999
Impairment of Mineral Properties *	2,754,258	851,386	737,179
Total Operating Expenses	3,985,032	2,003,388	1,767,338
Operating Income or (Loss)	(2,824,694)	(646,399)	(266,212)
Income from Continuing Operations			
Increase (decrease) in Fair Value of Financial Assets	(88,478)	(65,039)	(178,309)
Income (Loss) Before Tax	(2,869,188)	(632,169)	(476,855)
Income and Mining Tax Expense (Recovery)	(452,155)	(248,413)	16,513
Net (Loss)	(2,417,033)	(383,756)	(493,368)

Annual Income Statement FY 2014 – 9M 2017. Source: Company Filings

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



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