



**GLOBEX**

**ANNUAL REPORT 2012**

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## President's Message to Shareholders

Despite the extremely difficult economic environment and the challenges of the capital markets, Globex moved forward and acquired new assets, expanded our properties, spun-out Chibougamau Independent Mines Inc. to our shareholders and raised significant exploration funds. Unfortunately, the financial markets did not reward us for all of our accomplishments. Our achievements would not have been possible without the contributions of our directors, employees, consultants, professional advisors, contractors and suppliers. I would also like to thank our shareholders for their continued support and appreciation of our efforts during these exceptionally difficult times.

Our objectives for 2012 were outlined as follows:

- Spin-Out the Chibougamau Land Package into a separate publicly listed company,
- Advance the Timmins Talc-Magnesite ("TTM") Project toward the pre-feasibility stage, and
- Ongoing business activities including:
  - Sales and options of properties;
  - Targeted exploration programs; and
  - Identification of acquisition opportunities.

The accompanying Management's Discussion & Analysis provides further details with respect to our progress against these objectives and the audited financial statements provide financial information.

In 2012, a trend continued where a large number of investors abandoned the junior mining sector, attempting to mitigate market volatility and risks while focusing on deleveraging their debt positions. This exacerbated the challenges that we all faced in attempting to raise capital or maintaining a realistic share price. Despite significant effort, we were unable to reach our financing targets. Because other juniors have been unable to complete their 2012 financings, Globex had fewer new clients for its properties and several important option partners were unable to raise funds for exploration or continued option payments. Overall option income for the year was \$786,388 as compared to \$3,262,610 in 2011. We continue to seek opportunities for the sale and/or option of our properties in order to generate "hard cash" and third party exploration expenditure.

Many of our accomplishments, such as raising gross proceeds of \$6.2 M. principally in flow-through funds, supported targeted exploration programs to enhance the value of our exploration assets. A significant portion of those funds was earmarked to complete a 7,000 metre drill program and additional metallurgical test work on our talc-magnesite property as we continue towards the completion of a pre-feasibility study. Earlier in the year we published an independent Preliminary Economic Assessment which indicated that the project has excellent potential economic viability. The drill program has now been completed and the results are being analyzed. We are encouraged by our initial assessment of the drilling and laboratory work. Additional funding is required to complete the pre-feasibility study.

During the latter half of 2012, Management, in conjunction with our professional advisors, secured the approval of Globex shareholders for the Chibougamau assets transfer and ultimately the listing of a separate company, Chibougamau Independent Mines Inc. on the TSXV on January 25, 2013. This initiative was designed to "unlock" the value of the Chibougamau assets and position Globex shareholders to participate directly in future growth opportunities as these gold and base metals assets are explored and advanced towards potential production.

On the exploration front, 2012 was again an active year with spending of \$3.0 M, a 25% reduction from \$4.0 M spent in 2011. Well-managed, targeted activities achieved positive results on a number of projects such as gold assays of significant grade and width on the Wood-Pandora Joint Venture (see press release dated December 18, 2012) the high grade rare earth and other related element assays on our 100% owned Turner Falls project and the high grade gold intersections at our 100% owned Isaac's Harbour property in Nova Scotia to name a few.

In our forward planning for 2013, we have recognized the economic uncertainties and market challenges; however, we have assembled a large portfolio of quality projects along with the necessary financial and human resources to enhance the value of these assets and achieve our 2013 strategic objectives.

# Management's Discussion and Analysis

## For the year ended December 31, 2012

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Globex Mining Enterprises Inc.'s. ("Globex", the "Company" and "we") results of operations, financial performance and current business environment. This MD&A, which has been prepared as of March 15, 2013 should be read in conjunction with the audited annual consolidated financial statements and the related notes, for the two years ended December 31, 2012 and December 31, 2011.

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## Overview

Globex Mining Enterprises Inc. ("Globex") is a North American focused exploration, royalty and development company with a mineral portfolio in excess of 110 early to mid-stage exploration and development properties containing: **Base Metals** (copper, nickel, zinc, lead), **Precious Metals** (gold, silver, platinum, palladium, osmium and iridium), **Specialty Metals and Minerals** (manganese, iron, molybdenum, uranium, lithium as well as rare earths and associated elements) and **Industrial Minerals** (mica, apatite as well as talc and magnesite). The Company currently generates royalty and option income from properties which contain gold, silver, copper, and zinc.

## Corporate focus

The Company seeks to create shareholder value by acquiring properties, enhancing and developing them for our own account or for optioning, joint venturing or vending, with the ultimate aim of bringing projects into commercial production. Currently, the Company is focused on the:

- Management of the Chibougamau Independent Mines Inc. properties in Quebec;
- Advancement of the Timmins Talc-Magnesite project to pre-feasibility;
- Other ongoing business activities include:
  - Sales and options of properties;
  - Targeted exploration programs; and
  - Identification of acquisition opportunities.

Optioning exploration properties is one of the strategies Globex employs to manage its extensive mineral property portfolio. This strategy not only enables the Company to, conserve cash, but it also generates current income and ensures that properties are being explored while securing an interest in any future production. The term option as it relates to Globex properties should be understood as follows: In exchange for annual cash and/or share payments and an annual work commitment on the property, Globex grants the Optionee the right to acquire an interest in the optioned property.

Generally, all conditions of the agreement must be satisfied before any interest in the property accrues to the Optionee. The option contract will terminate if annual payments and/or work commitments are not met. Assuming all conditions of the option agreement are satisfied, Globex may retain a Gross Metal Royalty (GMR) or other carried interest in the property. Outright property sales may also include cash and/or shares and a form of royalty interest payable when projects achieve commercial production or another negotiated milestone.

Globex Mining Enterprises Inc. trades on the Toronto Stock Exchange under the symbol GMX, in Europe on the Frankfurt, Munich, Stuttgart, Berlin and Xetra exchanges under the symbol G1M and on the OTCQX International in the USA with the symbol GLBXF.

## Highlights for the year

- The Company reported income and comprehensive income of \$2,492,677 (2011 - \$358,768) which includes a gain on the spin-out of assets of \$6,103,061.
- Through private placements, 4,722,677 flow-through common shares were issued generating gross proceeds of \$6,139,480. In addition, 122,100 common shares were issued generating gross proceeds of \$128,205 and 325,000 stock options were exercised generating \$108,250. In connection with the Private placements, share issuance costs of \$457,802 (2011 - \$30,703) were incurred.
- During the third and fourth quarters, management worked with its professional advisors to secure approval by its shareholders and the Québec Superior Court for the Plan of Arrangement (“Plan”) which “spun-out” the Chibougamau mining properties, cash and investments to Chibougamau Independent Mines Inc. (“CIM”). The Plan was effective on December 29, 2012 and under it, every shareholder of record at the close of business on December 28, 2012 was entitled to receive one CIM share for each Globex share. As a condition of the TSXV listing, on December 31, 2012, CIM completed a private placement which raised gross proceeds of \$2,617,800 by issuing 2,181,230 “flow-through” units at a price of \$0.65 per unit and 2,400,000 “hard dollar” units at a price of \$0.50 per unit. The CIM shares started to trade on the TSXV under the symbol “CBG” on January 25, 2013.
- Exploration expenditures for the year totalled \$3,058,245 (2011 - \$4,004,265) and the Company had cash reserved for exploration of \$4,375,485 (2011 - \$910,972) available to fund eligible flow-through exploration

expenditures at year-end.

## Forward-looking statements

Certain information in this MD&A, including any information as to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements." The words "expect", "will", "intend", "estimate", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

This document may contain forward-looking statements reflecting the management's expectations with respect to future events. Actual results may differ from those expected. The Company's management does not assume any obligation to update or revise these forward-looking statements as a result of new information or future events except as required by law.

## Exploration activities and mining properties

The Company conducts exploration activities in compliance with "Exploration Best Practices Guidelines" established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards with exploration programs planned and managed by "Qualified Persons" who ensure that QA/QC practices are consistent with National Instrument (NI) 43-101 standards. On all projects, diamond drill core is marked by a geologist and subsequently split, with one-half of the core analyzed, in the case of gold, by standard fire assay with atomic absorption or gravimetric finish at an independent, registered commercial assay laboratory. The second-half of the core is retained for future reference. Other elements are determined in an industry acceptable manner, for either geochemical trace signatures or high grade metal content.

According to National Instrument 43-101, the loss of a material property would cause at least a 10% drop in the share price of the Company. At this time, management believes that the loss of any single Globex property, not covered by a NI 43-101 compliant report, would have little or no effect on the Company's share price.

When discussing historical resource calculations available in the public domain regarding our properties, we will include source, author and date, and if appropriate, cautionary language stating that:

- A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves;
- The issuer is not treating the historical estimate as current mineral resources or mineral reserves; and
- The historical estimate should not be relied upon. In addition, the source and date of the historical estimate will be provided.

Exploration expenditures for the current year totalled \$3,058,245 (2011 - \$4,004,265) which includes eligible flow-through expenditures of \$2,674,968 and non-flow through expenditures of \$383,277. During the year of 2012, exploration expenditures were incurred on the major projects as outlined below:

Region/Property/Township	Exploration expenditures <sup>1</sup>	Percentage of total expenditures
<b>Ontario</b>		
• Timmins Talc-Magnesite, Deloro	\$ 1,080,672	35.3%
• Other projects	8,744	0.3%
	<b>1,089,416</b>	<b>35.6%</b>
<b>Quebec</b>		
• Chibougamau Lake (Lemoine, McKenzie, Roy & Obalski)	221,615	7.2%
• Hematite Lake (Labrador, Qc)	148,951	4.9%
• Lyndhurst (Destor)	155,991	5.1%

Region/Property/Township	Exploration expenditures <sup>1</sup>	Percentage of total expenditures
• Tavernier-Tiblemont (Tavernier)	157,054	5.1%
• Turner Falls Rare Earth Property (Villedieu)	425,751	13.9%
• Wood-Pandora Project (Cadillac)	329,021	10.8%
• Other projects	323,861	10.6%
• Quebec general exploration	171,119	5.6%
	<b>1,933,363</b>	<b>63.2%</b>
<b>Other regions</b>		
• Nova Scotia	15,054	0.5%
• New Brunswick	9,776	0.3%
• Other	10,636	0.4%
<b>Total exploration expenditures</b>	<b>\$ 3,058,245</b>	<b>100.0%</b>

**Table 1**

**Note:**

1. The exploration expenditures represent the most significant project expenditures. The regional and other project amounts have been also included for ease of reference when comparing to the reported amounts as shown in note 14 to the December 31, 2012 Consolidated Financial Statements.

**Chibougamau Mining Group - Spin-Out of Assets to Chibougamau Independent Mines Inc.**

As previously reported, over the past few years, Globex acquired a significant land package in the Chibougamau region of Québec, known as the “Chibougamau Mining Camp”. The Chibougamau Mining Camp includes five former copper/gold mines, one unmined historical copper/gold deposit, one historical zinc/gold/silver deposit in respect of which two technical reports compliant with NI 43-101 were prepared, a new historical iron-titanium deposit and a large package of partially outlined gold/copper zones and isolated gold intersections as well as volcanogenic massive sulphide targets.

During the year, exploration expenditures of \$221,615 (2011 - \$41,885) representing Consulting, Geologists and Geophysics costs were incurred on the properties. These costs were incurred in preparation for the anticipated spin-out of these properties.

The following properties comprise the Chibougamau Mining Camp and reflect the ten properties transferred to CIM under the Plan of Arrangement:

- Bateman Bay Mine, (including a portion of the former Jaculet Mine), (gold, copper);
- Berrigan, Lake (Taché) Property, (gold, silver, zinc);
- Berrigan South Property, (gold, silver, zinc);
- Chibougamau Lake Property, (including S-3 and Tommy Zones, down dip of Henderson 1 & 2 and Portage Mines), (gold, copper);
- Copper Cliff Property, (gold, copper),
- Grandroy Mine, (gold, copper),
- Kokko Creek Mine, (gold, copper),
- Québec Chibougamau Goldfields Mine, (gold, silver, zinc),
- Sulphur Converting (massive sulphide)/Magnetite Bay, (Iron-titanium deposit); and,
- Virginia Property, (gold).

The properties comprising the “Chibougamau Mining Camp” are located within the Abitibi-Chibougamau Mining District in Lemoine, McKenzie, Obalski and Roy Townships, Québec. The properties are immediately E-SE and NW of the town of Chibougamau, Québec. As of the date of this report, the Chibougamau Mining Camp is comprised of 157 mining claims (CL) and 112 cells (CDC) covering an area of approximately 6,319 hectares (16,050 acres) or about 63.19 square kilometres. A large portion of these claims underlies the waters of Lac Chibougamau and Lac

Doré and can be reached by boat in the summer and over ice in the winter.

### **Plan of Arrangement and Transferred Assets**

During the third quarter, management worked with its legal and tax advisors as well as auditors to prepare the Plan of Arrangement, Ruling Request, TSXV Application and Management Information Circular necessary to affect the transfer of mining properties from Globex to CIM on a tax neutral basis.

On September 10, 2012, Globex and Chibougamau Independent Mines Inc. (“CIM”) entered into an Arrangement which would result in the reorganization of the capital of Globex and CIM, transfer of cash and cash equivalents, certain investments held by Globex as well as the transfer of the ten properties from Globex to CIM, as detailed immediately above, subject to a 3% “gross metal royalty” in favour of Globex.

On October 19, 2012, Globex Shareholders approved the Plan of Arrangement and Pursuant to the Arrangement, among other things, Globex agreed to transfer the Transferred Assets and each Globex Shareholder will ultimately be entitled to receive Globex New Common Shares and CIM Common Shares in exchange for the Globex Common Shares held by such shareholders.

On November 27, 2012, CIM received conditional listing approval from the TSXV and on December 17, 2012, the company announced that it had obtained a Final Order from the Québec Superior Court in connection with its Plan of Arrangement for the “spin-out” of the shares of CIM. Amended Articles were filed and the Effective Date of the Arrangement was established as December 29, 2012.

On December 29, 2012, Globex completed the reorganization by way of a Plan of Arrangement under the Québec Business Corporations Act which resulted in the transfer of cash of \$503,006, investments with a fair market value of \$72,903 and ten mining properties with a fair market value of \$6,429,175 to CIM.

Under the Arrangement each Globex shareholder, at the Effective Date was entitled to receive one New Globex Common Share and one common share of CIM which resulted in the issuance of 27,896,018 CIM commons shares. The distribution has been reflected as a return of capital of Globex. The CIM shares began trading on the TSXV on January 25, 2013.

Note 6 to the Globex Consolidated Financial Statements provides further details with respect to the fair value of the assets transferred, the Gain on “spin-out” of the assets of \$6,103,061, the reduction in share capital of \$7,005,084 and the Dividend payable of \$575,909 (Cash - \$503,006 and Investments of \$72,903) at December 31, 2012. The transfer of the assets on a fair value basis has been recorded in accordance with the IFRS guidance as outlined in IFRIC 17 - *Distribution of Non-Cash Assets to Owners*. The fair value of the ten mining properties was derived from comparable transactions within the last twenty eight months, as near as possible, for properties within the same geographical area with a similar geological setting.

### **Timmins Talc-Magnesite project**

The Timmins Talc-Magnesite (“TTM”) project is held under an agreement with Drinkard Metalox Inc. (“Drinkard”), owned 90% Globex and 10% Drinkard. The project is located 13 km south of Timmins, Ontario, Canada. Globex has committed resources to a team composed of Jacobs Engineering Group Inc. and other industry consultants to evaluate processing options and develop preliminary costing estimates. In addition, the team also spent significant efforts testing and evaluating processing alternatives.

During 2012, Globex spent \$1,080,672 (35.3% of total exploration expenditures) on this project. The major elements of the expenditures consist of; (a) consulting costs related to the preparation and publishing of the preliminary economic assessment of \$327,856; (b) consulting and geologist costs of \$448,849 incurred in connection with the evaluation of processing options, water and environmental studies as well as the application for a mining lease which is a critical step toward production; (c) casual labour and drilling costs of \$262,381 related to the infill and geotechnical drilling program announced on December 3, 2012; as well as (d) a variety of other



costs totalling \$41,586.

As announced in the December 3, 2012 Press Release, the drill program, which consists of approximately 46 drill holes totalling 7,000 metres is designed to; (a) raise the resource in the proposed open pit area to reserve status; (b) better define the distribution and variability of the principal economic minerals; and (c) undertake rock mechanics studies in order to facilitate design of the open pit.

To date, Globex has completed: 1) laboratory metallurgical tests, 2) a mini pilot plant study, 3) an internal Scoping Study, 4) diamond drilling and assaying, and 5) mineralogical studies. Environmental baseline studies are ongoing including water quality monitoring from a series of drill holes done for this express purpose. Consultation with stakeholder groups has been initiated. Globex has received, and continues to receive, enquiries from strategic buyers interested in magnesium and talc supplies of the type of products we intend to produce. Test work by potential buyers is ongoing and/or planned for both of our magnesium and talc products.

### Preliminary economic assessment

On March 2, 2012, Globex announced in a National Instrument (“NI”) 43-101 Preliminary Economic Assessment (“PEA”) of the TTM project. The full report was filed on SEDAR on April 17, 2012.

The press release commented that the PEA reflects the inputs of Globex’s team of consultants in collaboration with Jacobs Minerals Canada (“Jacobs”) and Micon International Limited (“Micon”). It also noted on March 2, 2010, Globex received Micon’s NI 43-101 Technical Report providing Mineral Resource Estimates of the Timmins Talc-Magnesite Deposit. Based on this mineral resource estimate and the mining rate used in the PEA of 500,000 tonnes per annum, the proposed mine has an identified 60-year mine life within the previously drilled area, subject to the NI 43-101 resource report. Planned infill drilling will update the resource calculation.

The following resource tonnages and grades from the Micon NI 43-101 report:

#### Mineral Resource Estimate

Category	Tonnes	Sol MgO (%)	Magnesite (%)	Talc (%)
<b>A Zone Core</b>				
Indicated	12,728,000	20.0	52.1	35.4
Inferred	18,778,000	20.9	53.1	31.7
<b>A Zone Fringe</b>				
Inferred	5,003,000	17.6	34.2	33.4
Sol MgO = Soluble magnesium oxide				

Table 2

The March 2, 2012 press release provides a detailed listing of the key operating assumptions as well as a summary of the projected revenues, operating and capital costs for a 20-Year mining period covered by the PEA. The financial results indicate a positive after-tax NPV of \$258.0 million at a discount rate of 8%, an after-tax internal rate of return (IRR) of approximately 20% and a payback period of 5.8 years on the discounted cash flow. The cash operating margin averages 61% over the initial 20-year period.

### Community engagement

During 2012, the Company has continued to engage in discussions with Provincial and Municipal authorities, and First Nations and the Métis Nation of Ontario, working cooperatively as the project’s scope, impacts and benefits become better understood in the stages leading to production.

## **Quebec projects**

During the first half of 2012, the Company incurred exploration expenditures interpreting the prior year's results and identifying new targets for planned drilling in 2012. On June 29, 2012, Globex announced that an initial drill program would be undertaken on its 100% owned Turner Falls rare earths property. This drill program was completed on July 16, 2012. Subsequently, on July 10, 2012, Globex announced that, an eight-hole 5,200 metre diamond drill program on the 50% - 50% Wood-Pandora Joint Venture property near Cadillac, Quebec would also be undertaken.

### **Hematite Lake property**

During the year, \$148,951 representing the costs incurred in carrying out a detailed airborne magnetometer survey. A purchase and sales agreement subject to a number of terms was originally executed in October 2012, but was extended in January 2013.

### **Lyndhurst property**

Near year end 2012, \$155,991 was expended on diamond drilling and borehole geophysics to test for the presence of VMS mineralization on the property. The results of this work are currently being appraised to determine whether further exploration work will be required in 2013.

### **Tavernier-Tiblemont property**

In 2012, exploration expenditures of \$157,054 were incurred. A comprehensive technical review of the property was completed, along with additional airborne and ground geophysical magnetometer and electromagnetic surveys, leading to the identification of a number of priority VMS drill targets distributed over a strike length of 10km across the eastern portion of the property which extends across the Tavernier Felsic Volcanic Belt. In the third quarter, project activities included surface trenching, sampling, mapping, and spotting of potential drill holes. Selected targets were generated from a) identified, yet untested, ground and airborne geophysical anomalies located in proximity to known gold bearing VMS occurrences with copper, zinc and silver mineralization and b) other geophysical anomalies also untested by drilling associated with structural features and numerous gold showings in a intrusion-related epigenetic gold setting in the western portion of the property.

### **Turner Falls property**

In 2012, exploration expenditures of \$425,751 representing consulting, geological mapping, field labour and logistics costs, rock/core sample analyses, as well as field costs related to a helicopter supported initial drill program. The orientation drill program consisted of a five-hole diamond drill program totalling 968 metres of NQ caliber drilling which was executed between July 2 and 16, 2012.

Although assay results fell short of management's expectations in the light of the locally high grade rare earth elements (REE) mineralization from the surface sampling in 2010 and 2011 field programs, the data gathered and interpreted from the 2012 drill program has proved valuable in providing a better understanding of the structural and mineralogical complexity of this area, which will be followed up with field work in 2013. Work will include site-specific detailed geologic and structural mapping, surface rock sampling/trenching to guide the second phase of diamond drilling planned for later in 2013.

### **Wood-Pandora property**

On December 18, 2012, Globex and Queenston Mining Inc. announced the results of the latest drill program on the Globex managed Wood-Pandora Joint Venture. Numerous gold intersections were reported including a 41 metre wide intersection grading 3.81 g/t Au in hole W12-99B including 12.6 g/t Au/9.1m. (See Globex press release dated December 18, 2012).

During the year, \$329,021 in exploration expenditures (Globex's 50% share) were incurred allowing the

construction of a property wide geophysical base grid, the completion of selective wide-array IP surveying over the AMM mineralized zone and the undertaking of a nine hole 5,600 m drill program from July 11 to November 11, 2012. This program successfully tested (to a local vertical depth of nearly 500 m) for the inferred lateral and down plunge extensions of the wide, high grade 2011 drill intercept which returned 7.5 g/t Au/21.5. Additional drilling has been planned for 2013 and submitted to our partner for consideration.

## New Brunswick projects

Woodstock Manganese project: Drilling of two holes in 2011 succeeded in intersecting four manganese-iron horizons as indicated in the press release issued on October 12, 2011. A combined width of 116.54 metres grading 13.26% Fe and 9.40% Mn was intersected substantiating the existence of an important zone of manganese-iron mineralization. In the first six months of 2012, the property was expanded to nearly twice its original size with the acquisition of additional claims.

## Qualified person

All scientific and technical information contained in this management's discussion and analysis was prepared by the Company's geological staff under the supervision of Jack Stoch, President and CEO, who is a qualified Person under NI 43-101.

## Optioned properties

A number of Globex partners working on optioned properties, have issued press releases outlining their results. The most significant results are as follows:

- During 2012, Xmet ("Xmet") Inc. has been active in acquiring claims which are immediately adjacent to its flagship Duquesne-Ottoman Property in the Province of Quebec which is under option from Globex. On September 20, 2012, Xmet announced that it had entered into a purchase agreement with Clifton Star Inc. to acquire its 100% owned mineral claims known as the Duquesne Mine which are immediately adjacent to its property. The Clifton Star agreement is part of a larger initiative undertaken by Xmet that includes the purchase of the Pitt Resource, located immediately to the west of the Duquesne-Ottoman Property. On May 16, 2012, Xmet announced that it had entered into a purchase agreement with Brionor Resources Inc. ("Brionor") to acquire twenty-four contiguous mineral claims (known as the "Pitt Gold Project") which are also immediately adjacent to the Duquesne-Ottoman Property. Xmet has agreed to issue Brionor a maximum of 10.56% of its outstanding shares after Xmet has exercised its share purchase option from Globex (see Xmet Inc. share option agreement, page 11 below). Completion of this transaction is subject to a number of conditions, including, but not limited to, the exercise of Xmet's option to purchase a 75% in Duquesne-Ottoman Project, obtaining any necessary approvals, as well as the acceptance of the TSX Venture Exchange.

In addition to these announcements regarding acquisitions, on January 17, 2012, Xmet Inc. reported significant assay results from their 2011 drilling program at the Shaft Zone on its Duquesne-Ottoman Property. The announcement also noted that more drilling was planned in 2012. In a press release dated April 12, 2012, Xmet reported the intersection of 12.41 g/t Au over 4.5 metres. On June 7, 2012, Xmet Inc. announced that it had started an important stripping and trenching program at the South Zone on this property. They identified that the work would be carried out in two phases, initially with trenches excavated perpendicular to the gold-bearing structures and once results are received from the laboratory a second phase of trenching will be undertaken parallel to the gold-bearing structures that will completely expose the mineralized system for mapping and additional sampling.

- **NSGold Corp.** announced on October 22, 2012 the start of a shallow, targeted, 10 hole drill program in order to test the potential for open pit mining the Mooseland West Gold Zone in the Province of Nova Scotia. Previous drilling tested the gold zone along a 1,000 metre strike length but always below a 75 metre depth. The West Zone contains 57% (259,000 oz Au) of the inferred mineral resource at the **Mooseland Property** which is now estimated at 454,000 oz Au as follows:

Historical Non-diluted Inferred Mineral Resource Estimate			
Zone	Tonnage	Grade (g/t Au)	Contained Ounces Au
West Zone	1,460,000	5.52	259,000
East Zone	1,060,000	5.72	195,000
Total	2,520,000	5.60	454,000

The NI 43-101 compliant inferred mineral resource was prepared by Doug Ray, M.Sc, P.Eng., of MineTech International Limited of Halifax, Nova Scotia. (See NSGold press release dated June 5, 2012). "A qualified person has not done sufficient work to classify the historical estimate as current mineral resource or mineral reserve and Globex is not treating the historical estimate as current mineral resources or mineral reserves". NSGold also announced, on December 20, 2012, the results of exploration on two of the 7 Cheticamp, Nova Scotia exploration licences optioned from Globex.

- On January 25, 2013, **Rocmec Mining Inc.** announced the results of a surface exploration program on the **Russian Kid (Rocmec 1) Property**. The work consisted of a surface magnetometer survey and re-interpretation of previous exploration results in relation to interpreted and re-compiled geological observations.

Work by these and other partners is ongoing and the results of their work will continue to be announced.

## Property acquisitions, sales and options

### Property acquisitions

During year, the Company spent \$89,437 (2011 - \$97,581) on mineral property acquisitions mainly in the province of Quebec. Globex is also pursuing the potential acquisition of specific assets outside of North America.

### Sales and options

In 2012, the Company generated net option income of \$786,388 (2011 - \$3,262,620). The net option income consisted of cash of \$766,272 (2011 - \$2,171,104) and shares with an initial fair value on receipt of \$134,500 (2011 - \$1,781,000) with \$114,384 (2011 - \$689,484) being reflected as a recovery of property and exploration costs.

### Net option income December 31, 2012

Property, Agreements Summary	Net Option Income	Recovery of Property Acquisition	Recovery of Exploration Expenditures
<b>Sales</b>			
<b>Massicotte property – Adventure Gold Inc.</b>	<b>\$ 23,492</b>	<b>\$ 1,508</b>	<b>\$ -</b>
<ul style="list-style-type: none"> <li>February 22, 2012,</li> <li>Lump sum cash payment,</li> <li>GMR of 2.5% on the claims,</li> <li>Adventure transferred 100% of Realore property (11 claims) to Globex,</li> <li>Provision to purchase of 1.5% of GMR for \$1.5 M.</li> </ul>			
<b>Raymor Property - Knick Exploration Inc.</b> <sup>6</sup>	<b>14,783</b>	<b>305</b>	<b>44,912</b>
<ul style="list-style-type: none"> <li>September 1, 2012,</li> <li>Cash payment of \$12,500 in 2013,</li> <li>Issue 1,000,000 common shares in 2012,</li> <li>GMR of 2%,</li> <li>Purchaser may buy back 1% of the GMR for \$1,000,000.</li> </ul>			

Property, Agreements Summary	Net Option Income	Recovery of Property Acquisition	Recovery of Exploration Expenditures
<b>Options</b>			
<b>Farquharson property<sup>3</sup> - Integra Gold Corp.</b>	-	-	<b>40,000</b>
<ul style="list-style-type: none"> <li>January 12, 2012,</li> <li>Option payments - \$20,000 in 2012 and total of \$175,000 over 3 year period,</li> <li>Issue 50,000 common shares in 2012<sup>4</sup> and 250,000 over 3 year period,</li> <li>GMR of 3%,</li> <li>Purchaser may purchase 1% of the GMR for \$750,000.</li> </ul>			
<b>Guyenne property – Viking Gold Exploration Inc.<sup>7</sup></b>	<b>27,739</b>	<b>4,000</b>	<b>7,761</b>
<ul style="list-style-type: none"> <li>August 29, 2012,</li> <li>Option payments - \$20,000 in 2012 and total of \$85,000 over 2 year period,</li> <li>Issue 150,000 common shares in 2012<sup>4</sup> and 400,000 over 2 year period,</li> <li>GMR of 3%, or 50/50 Joint venture.</li> </ul>			
<b>Hematite property – Cleghorn Minerals Ltd</b>	<b>25,000</b>	-	-
<ul style="list-style-type: none"> <li>October 9, 2012 (amended January 31, 2013),</li> <li>Option payments - \$1,000,000 over 12 months from Effective Date,</li> <li>Issue 2,000,000 common shares three business days after Effective Date,</li> <li>GMR of 2%.</li> </ul>			
<b>Option and sale payments under Agreements from prior years</b>			
<ul style="list-style-type: none"> <li>NQ Explorations Inc., Shortt Lake, Gand Township, Quebec,</li> </ul>	<b>18,729</b>	-	<b>1,271</b>
<ul style="list-style-type: none"> <li>Richmont Mines Inc., Beauchastel, Quebec,</li> </ul>	<b>19,510</b>	<b>490</b>	-
<ul style="list-style-type: none"> <li>Xmet Inc., Duquesne West property, Quebec,</li> </ul>	<b>303,001</b>	-	<b>1,999</b>
<ul style="list-style-type: none"> <li>Sementiou Inc., Duverny Township, Quebec,</li> </ul>	<b>5,000</b>	-	-
<ul style="list-style-type: none"> <li>Tres-Or Resources Ltd., Duvay and Fontana, Duverny Township, Quebec,</li> </ul>	<b>132,903</b>	<b>12,097</b>	-
<ul style="list-style-type: none"> <li>Mag Copper Ltd. Inc., Magusi River, Hébécourt Township, Quebec,</li> </ul>	<b>166,231</b>	-	<b>41</b>
<ul style="list-style-type: none"> <li>Laurion Mineral Exploration Inc.<sup>5</sup>, Bell Mountain property, Nevada.</li> </ul>	<b>50,000</b>	-	-
	<b>\$ 786,388</b>	<b>\$ 18,400</b>	<b>\$ 95,984</b>
Q1 – 2012	<b>\$ 169,252</b>	<b>\$ 1,998</b>	<b>\$ 40,000</b>
Q2 – 2012	<b>304,038</b>	<b>2,171</b>	<b>41</b>
Q3 – 2012	<b>119,971</b>	<b>4,305</b>	<b>46,474</b>
Q4 – 2012	<b>193,127</b>	<b>9,926</b>	<b>9,469</b>
Total	<b>\$ 786,388</b>	<b>\$ 18,400</b>	<b>\$ 95,984</b>

**Notes:**

- GMR indicates a Gross Metal Royalty with no deductions.
- NPR represents a Net Profit Royalty.
- Property was renamed by Integra Gold Corp. to the Donald Property.
- On January 30, 2012, 50,000 Integra Gold Corp. shares were received and reflected at fair value as option income of \$20,000 (\$0.40 per share).
- On June 28, 2012, 1,000,000 Laurion Mineral Exploration Inc. shares were received and reflected at fair value as option income of \$35,000 (\$0.035 per share). Option transferred to Lincoln Mining in 2012.
- On September 1, 2012, 1,000,000 Knick Explorations Inc. shares were received and reflected at fair value as option income of \$60,000 (\$0.06 per share).
- On September 19, 2012, 150,000 Viking Gold Exploration Inc. shares were received and reflected at fair value as option income of \$19,500 (\$0.13 per share).

**Xmet Inc. share option agreement**

On March 2, 2012, Globex and Jack Stoch Geoconsultant Services Limited (“GJSL”), a company owned by Jack Stoch, President & CEO and Director of Globex, entered into a share option agreement (the “SOA”) pursuant to which Xmet Inc. (“Xmet”) may purchase all of the issued and outstanding preferred and common shares of Duparquet Assets Ltd. (“DAL”), a company owned 50% by Globex and 50% by GJSL. The SOA was amended on May 14, 2012, August 8, 2012, and December 17, 2012. The SOA, as amended, provides for two scenarios under which Xmet may acquire all of the issued and outstanding common shares of DAL:

- a) A cash payment of \$9 million payable no later than April 30, 2013; or
- b) A cash payment of \$6.5 million payable no later than April 30, 2013, to immediately acquire a 75% of all the issued and outstanding common shares and 100% of the preferred shares of DAL, plus an additional option to acquire the remaining 25%, of all issued and outstanding common shares of DAL, for a period of four years, at a price of \$2.5 million in the first year, \$2.6 million in the second year, \$2.7 million in the third year and \$2.8 million in the fourth year.

In both cases, Globex and GJSL will retain the existing sliding scale Gross Metal Royalty from all production from the properties varying from 2% to 3% depending upon the price of gold at the time of production. Should Xmet Inc. not complete either of the above scenarios, then the existing mining option agreement, dated February 18, 2010, among Globex, GJSL, and Xmet will remain in place.

## Royalties

The Company's Annual Information Form, and website [www.globexmining.com](http://www.globexmining.com) provides Property Descriptions, Royalty Interests, as well as the Optionees related to the various properties.

## Results of Operations

### Selected Annual Information

	2012	2011	2010
Total revenues	\$ 1,189,654	\$ 3,753,145	\$ 626,644
Total expenses	4,620,450	3,032,656	2,940,973
Gain on spin-out of assets <sup>1</sup>	6,103,061	-	-
Income (loss) before taxes	2,672,265	720,489	(2,314,329)
Income and mining taxes	(270,412)	361,721	(280,756)
Income (loss) and comprehensive income (loss) for the year	2,942,677	358,768	(2,033,573)
Income (loss) per common share			
- Basic	\$ 0.12	\$ 0.02	\$ (0.10)
- Diluted	\$ 0.12	\$ 0.02	\$ (0.10)
<b>Total Assets</b>	<b>\$ 24,094,060</b>	<b>\$ 21,491,143</b>	<b>\$ 17,769,507</b>
<b>Other Liabilities</b>	<b>\$ 836,144</b>	<b>\$ 234,693</b>	<b>\$ 468,934</b>

#### Note:

1. Shown as a separate item for comparability purposes.

### Variation in Results

In 2012, Globex reported income of \$2,942,677 as compared to \$358,768 in 2011 mainly due to the gain on the spin-out of assets to CIM.

In 2012, Net option income totalled \$786,388 as compared to \$3,262,620 in 2011. The reduction reflects the challenges faced by Junior Mining Companies accessing the capital market to finance the optioning of properties or acquisition of properties. Details of the 2012 net option income are outlined on pages 9 and 10 of this report.

In 2012, the Metal royalty income was \$403,266 as compared to \$490,525 in 2011. The revenue during 2012 was lower than in 2011 mainly as a result of lower zinc average prices in 2012 as compared to 2011 (2012 - average zinc price - U.S. \$0.88 per pound; 2011 - average zinc price - U.S. \$0.98 per pound). No royalty is payable if the zinc price is below U.S. \$0.90 per pound. During 2012, Nyrstar produced 107 M. pounds of Zinc compared to 68.9 M.

pounds in 2011; however, the lower price did not result in increased payments to Globex.

In 2012, the total expenses of \$4,620,450, as compared to \$3,032,656 in 2011 reflect an increase of \$1,587,794. The difference is attributable to an increase in the impairment provision for financial assets of \$1,278,874 (2012 Provision - \$1,699,299; 2011 Provision - \$420,425) as well as variation of \$308,920 in all of the expenses.

In 2011, Globex reported income of \$358,768 as compared to a loss of \$2,033,573 in 2010 mainly as a result of increased option and royalty income (2011 - \$3,753,145; 2010 - \$626,644). The increase in income before taxes of \$3,034,818 is offset by an increase in income and mining taxes of \$642,477.

In 2011, the Net Option income totalled \$3,262,620 as compared to \$501,903 in the previous year. In 2011, the metal royalty income was \$490,525 as compared to \$124,741 in 2010 reflecting higher production levels at Nyrstar's Mid Tennessee zinc operations.

In 2011, the total expenses were \$3,032,656 as compared to \$2,940,973 in 2010. In 2011, the expenses reflect increased salaries, administration expenses, as well as professional fees and outside services, which total \$589,964 as well as other expenses which are \$506,105 higher than in the previous year as a result of the loss of \$420,425 on the decrease in the fair value of financial instruments. These increases are offset by a reduction of \$1,004,386 in the impairment provision for mineral properties and deferred exploration expenses.

#### **Total Assets**

The increase in the total assets of \$2,602,917 from \$21,491,143 at December 31, 2011 to \$24,094,060 at December 31, 2012 reflects the combined increase in cash and cash equivalents, cash reserved for exploration of \$1,911,108 increase in mineral properties and deferred explorations expenditures of \$1,753,451, offset by the reduction in investments and other assets of \$1,061,642.

#### **Other Liabilities**

The Other Liabilities represent the excess of the proceeds received from flow-through share issuances as compared to the fair value at the share issuance date. The increase from \$234,693 at December 31, 2011 to \$836,144 at December 31, 2012 represents the increase for current flow-through financings of \$1,145,248 and the reduction related to qualified exploration expenditures of \$543,797.

#### **Fourth Quarter Transactions**

During the fourth quarter of each year, in conjunction with the corporate planning and budgeting for the upcoming year, management reviews the carrying value of the deferred exploration expenses for the mining properties. In the fourth quarter of 2012, the Company recorded a write-down of mineral properties and deferred exploration expenses of \$811,699 (2011 - \$191,651).

As outlined in note 8 to the consolidated financial statements, the Company raises flow-through funds for exploration under subscription agreements which require the Company to incur prescribed resource expenditures. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by the financing. If the Company does not incur the resource expenditures, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

At the year-end, Management reviewed IAS 1, *Presentation of Financial Statements* along with the definitions of cash and cash equivalents as well as the guidance related to cash and cash equivalents held by the entity that are not available for use by the company as outlined in IAS 7, *Statement of Cash Flows*. Management concluded that the flow-through funds while restricted in their use were not controlled in a third party trust and therefore should be treated as a component of cash and cash equivalents as they meet the definition per the standard. In the past, these funds were disclosed separately as restricted funds, a non-current item, in the statements of financial position and variations were presented as investing activities in the statement of cash flows.

The Company is required to separately disclose the impact of corrections of errors, if any, in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. As at December 31, 2011, Restricted Cash of \$910,972 (January 1, 2011, \$1,969,672) has been reclassified from a non-current asset to a current asset and renamed as Cash Reserved for exploration. In the Statements of Cash Flow for 2011, Management has reclassified this amount as a component of cash and cash equivalents.

## Summary of quarterly results

The following table shows selected results by quarter for the last eight quarters:

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenues	\$ 374,166	\$ 119,971	\$ 361,256	\$ 334,261	\$ 436,692	\$ 448,685	\$ 2,562,074	\$ 305,694
Total expenses	(4,578,316)	1,002,746	1,079,023	1,013,936	846,154	540,405	1,059,456	586,641
Income (loss) <sup>(1)</sup>	4,952,406	(672,135)	(713,403)	(624,191)	(346,571)	219,198	692,918	(206,777)
Income (loss) per common share								
- Basic and diluted	0.21	(0.03)	(0.03)	(0.03)	(0.01)	0.01	0.03	(0.01)

Note:

1. Attributable to common shareholders of the Company.

The income in the fourth quarter ended December 31, 2012 of \$4,952,406 compares to the loss of \$672,135 in the third quarter ended September 30, 2012. The increase in income reflects the gain on spin-out of assets to CIM offset by an increase in the impairment provisions for mineral properties and deferred exploration, as well as the recovery of income and mining taxes.

The loss in the third quarter ended September 30, 2012 of \$672,135 compares to the loss of \$713,403 in the second quarter ended June 30, 2012. The reduction in the loss reflects the combined impact of lower metal royalties, a reduced decrease in the fair value of financial instruments and an increase in the recovery of income and mining taxes.

The loss in the second quarter ended June 30, 2012 of \$713,403 compares to the loss of \$624,191 in the first quarter ended March 31, 2012, which is mainly due to the decrease in the fair value of financial assets of \$520,253 as compared to a decrease of \$370,247 in the first quarter of 2012. This increase was offset in a reduction in other operating expenses in the second quarter of approximately \$87,000.

During the quarter ended March 31, 2012, the net loss of \$624,191 compares to the net loss of \$346,571 in the quarter ended December 31, 2011. The variation is mainly due to the decrease in the fair value of financial assets of \$370,247 in the current quarter as compared to a decrease of \$38,206 in the fourth quarter of 2011. This impairment provision is included in the total expenses of \$1,013,936. During this quarter, the impairment of mineral properties and deferred exploration was \$115,317 lower than the fourth quarter of 2011 which is also included in the total expenses.

The \$346,571 loss in the quarter ended December 31, 2011, compares to income of \$219,198 in the quarter ended September 30, 2011. The 2011 fourth quarter loss as compared to income in the previous quarter is mainly a result of increased expenses of \$305,749 representing additional impairment provisions for mineral properties and deferred exploration expenses of \$191,651, other expenses of \$71,924 including changes in the carrying value of other assets; \$42,174 in other operating expenses. In the 2011 fourth quarter, the Company recorded a tax recovery of \$62,891 compared to a recovery of \$310,918 in the previous quarter.

The income in the quarter ended September 30, 2011 of \$219,198 compares to income of \$692,918 in the quarter ended June 30, 2011. The lower income is mainly a result of a reduction in net option income (Q3 - Net Option income - \$318,428; Q2 - Net Option Income - \$2,405,157) as well as changes in the income and mining tax provisions reflecting management's latest tax planning strategies.

The income in the quarter ended June 30, 2011 of \$692,918 compares to the loss of \$206,777 in the quarter ended



March 31, 2011, which is mainly a result of the increased option income of \$2,405,157 as compared to \$99,761 in the previous quarter.

The loss of \$206,777 in the quarter ended March 31, 2011 compares to the loss of \$1,702,527 in the quarter ended December 31, 2010. The change in the results is mainly related to a reduction in the write-down of mineral properties and deferred exploration expenses of \$61,140 in the current quarter as compared to \$1,244,437 in the fourth quarter of 2010. The revenues in the first quarter of 2011 of \$305,694 were higher than the previous quarter by \$499,483 as a result of reflecting Option Income and Metal Royalties income in the current quarter whereas in the previous quarter a significant portion was offset against mineral properties and deferred exploration expenses.

## **Results of operations for the Year-Ended December 31, 2012**

### **Revenues (December 31, 2012 - \$1,189,654; December 31, 2011 - \$3,753,145)**

During the year-ended December 31, 2012, revenues of \$1,189,654 were \$2,563,491 lower than the previous year mainly as Net Option Income was \$2,476,232 lower. The impact of difficult capital market conditions for junior mining companies is reflected in these results.

#### **Option income**

As detailed on pages 9 and 10, option income was received from new agreements Adventure Gold Inc., Knick Explorations Inc., Viking Gold Explorations Inc. and Cleghorn Minerals Ltd. as well as option income from Agreements from prior years.

In the current year the Net Option Income of \$786,388 (2011 - \$3,262,620) consisted of cash of \$766,272 and shares with an initial fair value on receipt of \$134,500 with \$114,384 being reflected as a recovery of property and exploration costs. In 2011, the net option income consisted of cash of \$2,171,104 and shares of \$1,781,000 with \$689,484 being reflected as a recovery of mineral property costs and deferred exploration expenses.

#### **Metal royalty income**

The Company is entitled to a gross metal royalty based on the gross value of metal from Nyrstar's Mid-Tennessee zinc operations if the price of zinc is greater than US \$0.90 per pound on the final payment date which follows one month after the production period.

During 2012, the Company received metal royalty income of CA \$403,266 as compared to CA \$490,525 in 2011. The 2012 revenue includes a final downward adjustment of U.S. \$36,898 against 2011 production. During 2012, Nyrstar produced 107.4 M. (2011 - 68.9 M.) pounds of Zinc and the LME price averaged U.S. \$0.88 (2011 - \$0.97) per pound which resulted in the lower royalty payments.

### **Total expenses (December 31, 2012 - \$2,971,018; December 31, 2011 - \$2,874,819)**

In 2012, the total expenses were \$2,971,018 compared to \$2,874,819 in 2011. The increase of \$96,199 reflects the combined impact of decreased share-based compensation and payments of \$256,755, a reduction in administrative costs and professional fees of \$314,599, an increase in the impairment provision for mineral properties and deferred exploration of \$625,648, as well as increase in other changes of \$41,905 related to salary costs, depreciation and a loss on foreign exchange.

#### **Salary**

- In 2012, the increase in salaries of \$25,099 from \$749,610 to \$774,709 in the previous year represents mainly normal cost of living adjustments.

## **Administration**

- During the year ended December 31, 2012, the administration expenses totalled \$540,908 as compared to \$578,454 in the prior year. The decrease of \$37,546 reflects the combined impact of lower interest charges for Part XII.6 tax related to eligible flow expenditures of \$52,441 and other administrative expenses of \$19,906, a decrease in advertising and shareholder information of \$71,621, as well as offsetting increases in conventions and travelling of \$69,681 and other Office expenses of \$36,741.

## **Professional fees and outside services**

- In 2012, the professional fees and outside services totalled \$498,540 as compared to \$775,593 in the previous year. The variance of \$277,053 mainly represents a decrease in investor relations and promoter costs.

## **Amortization**

- The amortization expense for 2012 totalled \$50,052 as compared to \$48,827.

## **Share-based compensation and payments**

- For the year ended December 31, 2012, the total share-based compensation and payments amounted to \$98,939 (December 31, 2011 - \$355,694). During the current year, 140,000 options (weighted average fair value of granted options of \$0.60 per share) were granted, of which 50,000 options vested immediately and 90,000 options which vest over 1 year from the grant date. In 2011, 250,400 options (weighted-average fair value of granted options of \$1.57 per share) were granted with 160,400 of the options vesting immediately and the remaining 90,000 options vesting in twelve months from the option grant.

## **Impairment of mineral properties and deferred exploration expenses**

- The impairment provision is made against properties for which claims have lapsed or no immediate future expenditures are planned. The write-down of mineral properties and deferred exploration expenses in the year ended December 31, 2012 totalled \$1,001,140 as compared to \$375,492 in 2011. The increase reflects more modest planned activities on many of Globex's properties.

## **Other income (expenses) (December 31, 2012 – Income - \$4,453,629; December 31, 2011 – Expenses - \$157,837)**

- Other income (expenses) reflects the gains on sale of investments, interest income, the increase (decrease) in fair value of financial assets as well as other miscellaneous income. In the current year, a Gain on spin-out of assets has also been recorded.
- In 2012, the company recorded a decrease in fair value of financial assets of \$1,699,299 compared with \$420,425 in 2011. The loss in the current year includes a \$1,492,000 decline in the carrying value of Mag Copper shares received under a 2011 option agreement.
- In 2012, the Company has recorded a Gain on the spin-out of assets of \$6,103,061 which represents the difference between the fair value of assets transferred to CIM under the Plan of Arrangement and the original carrying value of these assets.

## **Income and mining taxes provision (recovery)**

- An income and mining tax recovery of \$270,412 for the year ended December 31, 2012 has been recorded as compared to a provision of \$361,721 in the previous year. The overall recovery in 2012 reflects the combined impact of; (a) a current tax expense of \$323,540 (2011 - recovery of \$17,505) and (b) a recovery of deferred income and mining duties of \$50,155 (2011 - provision of \$1,004,222) and a recovery of income and mining taxes related to through share benefits renounced of \$543,797 (2011 - \$624,996).
- The current tax expense of \$323,540 represents tax payable on option income earned in a joint venture as well as withholding taxes on prior year metal royalty income of \$264,455.

- The deferred income and mining tax provisions in the current year reflects management's best estimate of future tax rates substantially enacted and current tax planning strategies. It also reflects the impact of non-deductible items (share-based payments, impairment provisions on non-financial assets, a decrease in fair value of financial assets) as well as tax planning strategies to minimize the taxable income inclusion for shares received under mining option agreements executed on Globex mineral properties.

## Financial position review

### Total assets

The increase in the total assets of \$2,602,917 from \$21,491,143 at December 31, 2011 to \$24,094,060 at December 31, 2012 reflects the combined increase in cash and cash equivalents, cash reserved for exploration and investments of \$1,911,108 increase in mineral properties and deferred explorations expenditures of \$1,753,451, offset by the reduction in investments and other assets of \$1,061,642.

Cash and cash equivalents as well as investments totalled \$1,158,763 (December 31, 2011 - \$4,276,967) representing 4.8% of the total assets. Cash reserved for exploration totalled \$4,375,485 representing unspent exploration funds, of which \$229,480 from the July 3, 2012 flow-through shares private placement, \$4,146,005 from the November 9, 2012 and December 28, 2012 flow-through shares private placements.

At the year end, deferred exploration expenses totalled \$13,664,519 (December 31, 2011 - \$11,907,484) an increase of \$1,757,035.

### Total liabilities

At December 31, 2012, the current liabilities were \$2,253,052 as compared to \$1,010,848 at December 31, 2011. The increase reflects current exploration expenditures as well as an accrual for CIM "spin-out" activities and dividend payable of \$575,909 to CIM for cash and investments.

The other liabilities which represent the excess of the fair value of proceeds received from the issuance of flow-through shares was \$836,144 at December 31, 2012 (December 31, 2011 - \$234,693). The increase reflects the impact of eligible exploration expenditures of \$2,674,968 and new flow-through financing of \$6,139,480 incurred during 2012.

### Deferred tax liabilities

The Company reported deferred tax liabilities of \$3,346,423 as compared to \$3,519,727 at December 31, 2011. The liability represents management's best estimate of future taxes that will be payable if income is earned, based on substantially enacted legislation as well as current operating plans and tax strategies. The majority of the liability arises as a result of Canadian Eligible Exploration Expenditures which have been renounced to shareholders under flow-through arrangements and therefore not available as a reduction in taxable income.

### Owners' equity

Owners' equity, consisting of Share Capital, Deficit, and Contributed Surplus – Equity settled reserve totalled \$17,658,441 (December 31, 2011 - \$16,725,875). The change reflects the impact of the profit attributable to shareholders, private placements during the period and the impact of the spin out of assets. Details of the change are provided in the Consolidated Statement of Equity.

### Share capital

At December 31, 2012, the share capital of the Company totalled \$48,278,353 (December 31, 2011 - \$50,288,153) representing 27,896,018 (December 31, 2011 - 22,726,241) common shares outstanding. The reduction in share capital of \$2,009,800 reflects the combined impact of the increase in the share capital resulting from (a) exercise of 325,000 (2011 – 851,000) stock options which generated proceeds of \$108,250 (average exercise price of \$0.33

per share) as well as the fair value transfer from contributed surplus of \$99,250 and (b) \$5,122,437 (2011 - \$1,439,245) from the issuance of 4,844,777 (2011 - 690,566) common shares. These increases are offset by (a) share issuance costs of \$334,653 (2011 - \$22,444) and (b) the Spin-Out of Assets with a fair value of \$7,005,084 from Globex Mining Enterprises Inc. to Chibougamau Independent Mines Inc. The Spin-out is in accordance with the Plan of Arrangement which had an Effective Date of December 29, 2012. It has been reflected as a return of capital of Globex.

In connection with the Plan of Arrangement, Globex's Articles were amended to create and authorize Globex to issue an unlimited number of Globex:

- i) New Common Shares;
- ii) Butterfly Shares; and
- iii) Preference Shares, issuable in series.

The Butterfly Shares have the following attributes:

- (a) redeemable, at any time at the option of the holder at a retraction amount equal to the Butterfly Share Redemption Amount;
- (b) retractable, at any time at the option of the holder at a retraction amount equal to the Butterfly Share Redemption Amount;
- (c) the holder of the Butterfly Shares will not be entitled to any dividends;
- (d) in respect of each Butterfly Share to be redeemed, acquired or cancelled, will be the amount specified by a Globex director or officer at the Effective date of the issue of the Butterfly shares and is not subject to change thereafter and will be equal to the fair market value of the consideration for which the Butterfly Share is issued.

The Butterfly Share Redemption Amount is the aggregate fair market value of all of the Globex Common Shares outstanding immediately before the exchange of the Globex Common shares for one new Globex Common Share and one Globex Butterfly Share multiplied by the Butterfly Proportion.

#### **Plan of Arrangement, Asset Transfer and Capital Reorganization Transactions:**

At December 31, Globex had 27,896,018 common shares outstanding and under the Plan of Arrangement, each Globex Shareholder was entitled to receive one New Globex Common Share and one Globex Butterfly Share for each of their Globex Shares. Each Globex Butterfly Shareholder transferred their Butterfly Shares to CIM and received one CIM Common Share as consideration which resulted in the issuance of 27,896,018 CIM common shares with an aggregate fair value of \$7,005,084.

The Globex Butterfly Shares became an asset of CIM and were subsequently redeemed in exchange for a Globex Redemption Note of equal value.

As outlined in note 1 to the financial statements, Globex transferred assets with a fair market value of \$7,005,084 (Cash - \$503,006; Investments - \$72,903; and Mining Properties - \$6,429,175) to CIM for CIM Redemption Shares. The CIM Redemption Share Amount represents the aggregate fair market value of all of the Transferred Assets transferred by Globex to CIM less the aggregate fair market value, as at the effective date, of the CIM Stock Options and divided by the number of CIM Redemption Shares issued as consideration thereof. On a per share basis, this was \$0.25 per share.

The Redemption Shares were subsequently exchanged for a CIM Redemption Note of equal value.

Ultimately, Globex's obligations under the Globex Redemption Note were satisfied by transferring the CIM Redemption Note to CIM, and CIM accepting the CIM Redemption Note in full satisfaction of Globex's obligations under the Globex Redemption Note. Similarly, CIM satisfied its obligations under the CIM Redemption Note by

transferring the Globex Redemption Note to Globex, and Globex accepting the Globex Redemption Note in full satisfaction of CIM's obligations under the CIM Redemption Note.

### **Liquidity, working capital and cash flow**

At December 31, 2012, the Company had cash and cash equivalents of \$521,496 (December 31, 2011 - \$2,074,901) and cash reserved for exploration of \$4,375,485 (December 31, 2011 - \$910,972). Investments of \$637,267 (December 31, 2011 - \$2,202,066) mainly reflect shares, recorded at fair value, in optionee companies received as consideration under mining option agreements.

At the year end, the Company's working capital (based on current assets minus current liabilities) was \$4,446,249 (December 31, 2011 - \$4,875,948). The Company believes that based on the current cash and working capital position, it has sufficient resources readily available to meet its current exploration spending commitments and corporate and administrative requirements for the next twelve months.

Globex does not have any long-term debt or similar contractual commitments.

During the year ended December 31, 2012, the operating activities used \$836,886 (December 31, 2011 - generated \$60,077). Financing activities totalled \$5,918,133 (December 31, 2011 - \$2,075,477) reflecting the issuance of shares under the company's share option plan, common shares and flow-through shares.

Investing activities in the current year used \$3,170,142 (December 31, 2011 - \$1,472,216). Within the investing activities, the Company generated total proceeds of \$114,384 on mineral properties optioned as compared to proceeds of \$689,484 in 2011. Investments included the acquisition of deferred exploration expenses of \$3,058,245, mineral properties of \$136,844 and properties, plant and equipment of \$89,437.

The operating, financing, and investing activities for the year ended December 31, 2012 resulted in a net increase in cash and cash equivalents of \$1,911,108 (December 31, 2011 - \$663,338).

## **Financial instruments and risk management**

### **Capital risk management**

The Company manages its common shares, stock options and retained earnings (deficit) as well as contributed surplus - Equity settled reserve as capital.

The Company's business is subject over the next several years to the availability of equity capital to finance the acquisition, exploration and development of major projects. The availability of equity capital to resource companies is affected by commodity prices as well as global economic conditions. Currently the equity market for junior exploration companies is negative. These conditions are beyond the control of Management and may have a direct effect on the Company's ability to raise equity capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern while it pursues its objectives of enhancing projects, properties or the development of properties to the benefit of all shareholders.

As a Canadian exploration company, its principal sources of funds consist of; (a) Options income on properties; (b) Metal royalty income; (c) Investment income; (d) proceeds from the issuance of common and flow-through shares and (e) other working capital items.

The Company manages the capital structure and makes adjustments to it in light of operating results, changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements or dispose of properties.

The Company's investment policy is to invest its cash in low risk highly liquid short-term interest-bearing investments, selected with a duration which is expected to align with the Company's planned expenditures.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Board of Directors. For capital management purposes, the Company has developed two objectives which are as follows:

- Retain cash and cash equivalents, cash reserved for exploration expenditures and accounts receivable which are equal to or greater than the committed exploration expenditures;
- Retain equity investments and debt instruments with a combined fair market value which are greater than twelve months of projected operating and administrative expenditures.

The Company may need additional capital resources to complete or carry out its exploration and development plans for the next twelve months.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2011.

### Financial risk management objectives

The Company's financial instruments are exposed to certain financial risk including credit risk, liquidity risk, foreign exchange risk, and interest rate risk.

#### (a) Credit risk

The Company had cash and cash equivalents as well as cash reserved for exploration which totalled \$4,896,981 at December 31, 2012 (December 31, 2011 - \$2,985,873). These funds are subject to a combination of the \$100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"); CDIC, a federal Crown Corporation as well as a guarantee of \$1,000,000 provided by the Canadian Investors Protection Fund ("CIPF").

The Company does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents are in place with major financial institutions and their related corporations.

The maximum exposure to credit risk was:

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Cash and cash equivalents	\$ 521,496	\$ 2,074,901	\$ 352,863
Cash reserved for exploration expenses	4,375,485	910,972	1,969,672
Investments	637,267	2,202,066	2,870,071
Accounts receivable <sup>(i)</sup>	1,062,587	486,805	373,904
Refundable tax credit and mining tax	-	81,794	242,690
	<b>\$ 6,596,835</b>	<b>\$ 5,756,538</b>	<b>\$ 5,809,200</b>

- (i) Accounts receivable of \$1,062,587 (December 31, 2011 - \$486,805; January 1, 2011 - \$373,904) consist of trade receivables of \$229,363 (December 31, 2011 - \$50,622; January 1, 2011 - \$276,499), \$484,204 due from CIM (December 31, 2011 - Nil; January 1, 2011 - Nil) and taxes recoverable of \$349,020 (December 31, 2011 - \$405,318; January 1, 2011 - \$94,405). The trade receivables are secured by property interests.

#### (b) Liquidity risk

Liquidity risk represents the risk that the Company will not be able to meet its financial obligations as they fall due. The Company mitigates liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Company finances its exploration activities through flow-through shares, operating cash

flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions outside of the ordinary course of business.

Contractual maturities of financial liabilities are all under one year.

### (c) Equity market risk

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken by the Company.

The Company currently holds investments in a number of Optionee companies as well as a Canadian financial institution which are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets and currently these amount to \$637,267 (December 31, 2011 - \$2,202,066). Based on the balances at December 31, 2012, a 10% increase or decrease would impact Income and Loss by approximately \$63,000 (December 31, 2011 - \$220,000).

### (d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (unobservable inputs).

December 31, 2012	Level 1	Level 2	Level 3	Total Financial Assets at fair value
Financial assets				
Equity investments	\$ 434,767	\$ 202,500	\$ -	\$ 637,267
Reclamation bonds	-	119,256	-	119,256
	\$ 187,950	\$ 568,573	\$ -	\$ 756,523

There were no transfers between level 1 and level 2 in the year. The fair value of the level 2 equity investments represents Globex's 13.5 million common shares of Mag Copper Limited received in 2011. The fair value reflects recent market prices as well as trading volumes within the principal market in which the shares trade.

December 31, 2011	Level 1	Level 2	Level 3	Total Financial Assets at fair value
Financial assets				
Equity investments	\$ 514,566	\$ 1,687,500	\$ -	\$ 2,206,066
Reclamation bonds	-	121,680	-	121,680
	\$ 514,566	\$ 1,809,180	\$ -	\$ 2,323,746

January 1, 2011	Level			Total Financial Assets at fair value
	Level 1	Level 2	Level 3	
Financial assets				
Equity investments	\$ 2,070,506	\$ 799,565	\$ -	\$ 2,870,071
Reclamation bonds	-	118,990	-	118,990
	\$ 2,070,506	\$ 918,555	\$ -	\$ 2,989,061

## Critical accounting assumptions, judgments and estimates

The preparation of financial statements under the principles of IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarized below. Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are:

### (a) Impairment of mineral properties and deferred exploration expenses:

At the end of each reporting period, the Company considers whether there has been an impairment of its mineral properties as well as deferred exploration and development expenses. If the Company determines that there has been impairment then it must estimate the recoverable amount and selling costs resulting in a net recoverable amount. As a result of the limited information available, it requires significant management judgment in estimating a net recoverable amount.

### (b) Estimate of share-based compensation and payment cost

The estimate of share-based compensation and payment costs requires the selection of an appropriate valuation model and consideration of the inputs necessary for the model chosen. The Company has made estimates of the volatility of its own shares, the probable life of options granted, interest rates, and the time of exercise of those options. The Company uses the Black-Scholes valuation model to calculate the fair value of the share-based compensation and payment costs.

### (c) Fair value estimate of investments

Globex enters into option agreements for its properties. Under these arrangements, the Company typically receives a series of cash option payments over a period of time and it also often receives shares in the Optionee Company. Globex attempts to determine the fair value of the shares on receipt based on published price quotations in an active market. However, in some cases, when received, the shares may not be traded in an active market and as a result, Globex must use a valuation technique to determine the fair market value. In some cases, as a result of the strategic nature or volume of trading in the market, the quoted price may also not be representative of the price that these shares could be sold to a willing arm's length party. These valuation issues could also impact the fair value measurement of financial assets at each period end.



**(d) Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the period, Management determined that the useful lives of the equipment were appropriate.

**(e) Refundable tax credit and mining duties**

The estimates are based on an interpretation of legislation substantially enacted and management's application of their interpretation to the treatment of various items which could impact the valuation.

**(f) Deferred tax balances**

The Company uses the asset and liability method in accounting for deferred income taxes and mining duties. Under this method, deferred income taxes are recognized for the future income tax. In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate structure plans which may impact taxable income in future periods.

**(g) Estimate of Fair Value of Transferred Assets**

In order to determine the fair value of the Mining Properties transferred under the Plan of Arrangement, management engaged an independent consultant who identified comparable transactions within the last twenty eight months, as near as possible for properties within the same geographical area and a similar geological setting. The values for the Bateman Bay, Berrigan Lake and Berrigan South Properties as well as the Chibougamau Lake Property were developed based on independent third party input. The remaining values were developed by management applying a consistent approach.

In order to estimate the fair value of all of the Globex properties, which was used to determine the "Butterfly Proportion" to allocate cash and investments to Chibougamau Independent Mines, management estimated the fair value based on industry standard approaches similar to those applied by the independent third party.

While management believes that these are reasonable estimates, future results may vary.

**Outstanding share data**

At December 31, 2012, the Company had 27,896,018 common shares issued and outstanding (December 31, 2011 - 22,726,241) and 1,927,900 stock options outstanding for a fully diluted common share capital of 29,823,918.

During 2012, 325,000 options with an ascribed value of \$207,500 (Proceeds - \$108,250; fair market value - \$99,250) were exercised, 4,722,677 "flow-through" common shares which generated gross proceeds of \$6,139,480 (fair value - \$4,994,232) as well as the issuance of 122,100 common shares for gross proceeds of \$128,205. These resulted in the 5,169,777 increase in shares outstanding during the year.

At December 31, 2011, 319,600 options were available to be granted and on February 1, 2012, 50,000 options were granted to a consultant at an exercise price of \$1.39 per share and vested immediately and 40,000 options were cancelled which resulted in 229,600 options being available for future grant under the Company's option plans.

In April 2012, the Board of Directors amended the 2006 Stock Option Plan so as to increase the number of shares that could be issued there under from 1,500,000 to 2,500,000. The amendment was approved by shareholders on June 1, 2012 and subsequently on June 19, 2012 the TSX confirmed the approval of the transaction which resulted in 1,129,600 options being available for future grants from the 2006 Plan and 1,229,600 from all plans. On July 10,

2012, 90,000 Options were granted to Directors under the 2006 Stock Option Plan at an exercise price of \$1.03 per share and vest one year from the issue date.

During the year, 325,000 Options at an average strike price of \$0.33 per share were exercised which generated gross proceeds of \$108,250. Further details of the various exercises are as follows:

- March 8, 2012, 25,000 options were exercised at an option price of \$0.25 per share. (Globex's shares closed at \$1.38 per share on that date).
- September 18, 2012, Jack Stoch, President & CEO and a Director of Globex, exercised 75,000 options with a weighted average exercise price of \$0.34 per share. (Globex's shares closed at \$1.09 per share on that date). On the same date, Dianne Stoch, Executive Vice-President and a Director of Globex, exercised 200,000 options at an exercise price of \$0.34 per share.
- October 16, 2012, 25,000 options were exercised at an exercise price of \$0.34 per share (Globex's shares closed at \$1.04 per share on that date).

In accordance with the Plan of Arrangement, all of the holders of Globex Stock Options outstanding at the Effective Date (December 29, 2012) disposed of their options in consideration of a Globex New Stock Option and a CIM stock option where the Optionee was qualified (Officer, Employee, Consultant, or Director) of the CIM stock option plan. All of the terms with the exception of the strike price remained unchanged.

The modified strike prices reflect the original price per share adjusted by the volume-weighted average trading price of the CIM shares during the first five days following listing on the TSXV (January 25, 2013 to January 31, 2013) and the weighted average trading price of the Globex New Common shares during the same period. The Exercise price proportion for the Globex New Share Options is 78.43% of the original exercise price or on a modified basis of \$1.22 per share.

The expiry date of the Globex New Stock Options has remained unchanged at 2.56 years.

At December 31, 2012, 1,139,600 (December 31, 2011 - 319,000) options were available for future grants under all plans. On January 31, 50,000 options were granted to a service provider at a weighted average exercise price of \$1.40 per share. The options vested immediately. In addition, 25,000 options naturally expired on February 1, 2013. As a result, at March 15, 2013, there were 1,952,900 Options outstanding and there were 1,114,600 options available for future grant.

On March 8, 2013, the Company issued a press release indicating that the appropriate allocation of the Adjusted Cost Base ("ACB") of Globex's shares is (i) 79.8% of the ACB of the Globex shares should be apportioned to the "new" Globex shares, and (ii) 20.2% of the ACB of the Globex shares should be apportioned to the Chibougamau Mines Shares. This allocation is based on the initial closing price of Globex's shares on the Toronto Stock Exchange and of CIM's shares on the TSXV. CIM commenced trading on January 25, 2013.

## Risks and uncertainties

Risks beyond the control of the Company come from multiple sources.

**Metal prices:** World-wide supply and demand for metals determines metal prices. Lower metal prices reduce exploration activity and thus the terms at which Globex can option its properties. The ability of the Company to market and/or develop its properties and the future profitability of the Company are directly related to the market price of metals. Metal prices also directly affect the revenue stream that Globex anticipates from mines in production. Lower metal prices equal lower or no revenue. Higher metal prices equal higher revenue.

**Currency exchange fluctuations:** Metal prices are quoted in US dollars. A strong US dollar exchange rate versus the Canadian dollar enhances metal revenues when translated to Canadian dollars, causing an equivalent increase in net incomes. Since the majority of Globex's mining properties are located in Canada, a strong Canadian dollar can have a detrimental effect upon the potential cash flow from one of our Canadian projects and a project's profitability.

**Staff recruitment and retention:** As a result of the cyclical nature of the business and the lack of job security, it is difficult to find and retain experienced, competent individuals required to build a company: Salaries, benefits, working conditions and challenge must be competitive.

**Option revenue:** Option contracts taken to term can appear extremely lucrative. However, if exploration results are poor in year 1, the property may be returned after only a single payment. These negative results may further, mean share payments received by the Company lose value. If the main target of a particular property is drilled with negative results, then the property may cease to have exploration potential and thus the ability to generate future option revenue.

**Success of partners:** The outcome of efforts by joint venture, option and royalty partners has a significant effect on the Company's profitability. If they are successful in achieving their goals in a timely and cost-efficient manner, then the Company will benefit. Should they fail financially, technically or for other reasons, we will be negatively impacted.

**Government legislation and taxation:** Flow-through financing, combined with provincial tax credits for exploring in Quebec, are important sources of risk capital for financing exploration programs. Any material changes in these programs could adversely affect the Company's operations.

The Québec Government is also proposing changes to the mining tax regime including increases to mine royalties and taxes on profits. Institution of these changes would adversely, effect the profitability of any potential mining operations.

**Finding and developing economic reserves:** The recoverability of amounts capitalized for mineral properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposal thereof.

**Other risks the Company faces are:** Renegotiation of contracts, permitting, reserve estimating, environmental factors, governments not enforcing access laws and various other regulatory risks.

## Related party transactions

Outlined below is a summary of the total compensation paid to directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company (Management personnel includes President and CEO, Executive Vice-President and Chief Financial Officer, Treasurer and Corporate Secretary:

	December 31, 2012	December 31, 2011
Salary cost		
Salaries and other benefits	\$ 444,295	\$ 457,253
Fair value of share-based compensation	-	243,288
	\$ 444,295	\$ 700,541

Related party transactions which have been incurred and eliminated in these consolidated financial statements are not significant and are in the normal course of operations and are measured at the exchange value, that is, the amount of consideration established and agreed to by the related parties which approximates the arm's length equivalent value and do not include any mark-up.

## **Disclosure controls and procedures**

Management is responsible for the information disclosed in this document and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have evaluated the design and effectiveness of the Company's disclosure controls and procedures as defined in the rules of the Canadian Securities Administrators as at December 31, 2012. Based on that evaluation, they have concluded that the Company's disclosure controls and procedures were as of and for the period ending December 31, 2012 appropriately designed and operating effectively.

## **Internal control over financial reporting (ICFR)**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

During the year ended December 31, 2012, and as at December 31, 2012, the CEO and CFO have participated in the evaluation of the design of internal controls over financial reporting based on criteria established in Internal Control over Financial Reporting - Guidance for Smaller Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). They have also caused the effectiveness of the ICFR to be evaluated at the financial year-end and based on their evaluation, the President and Chief Executive Officer and the Chief Financial Officer has concluded that the internal controls over financial reporting are appropriately designed and operating effectively to ensure that the preparation of financial statements for external reporting purposes are in accordance with the Company's application of IFRS standards.

As outlined above and in note 8 to the financial statements, at December 31, 2012, Management reclassified restricted funds as a component as cash and cash equivalents and therefore a current item in the statement of financial position. As the change did not impact the total assets or total liabilities of the company, management concluded that the deficiency did not result in a material weakness and that during the quarter ended December 31, 2012, there have been no material changes in the Company's ICFR or are reasonably likely to materially affect, the internal controls over financial reporting.

## **Outlook**

Despite the publication of a positive Preliminary Economic Assessment on our Timmins Talc-Magnesite project, raising funds to undertake the first phase of construction for the project is proving challenging. Definition drilling, required for the pre-feasibility study, started in December and will be completed shortly.

During the third and fourth quarter of 2012, management worked diligently to successfully complete the spin-out of Globex's Chibougamau area properties to Chibougamau Independent Mines Inc. which allows shareholders to

participate in the value previously unrecognized within Globex. Drilling has already begun on these properties. During 2013, through its Management Agreement, Globex Management will assist the Corporation to forge its future strategic direction.

We continue to search for an appropriate property/partner to exploit our patented technology for the recovery of gold from refractory gold ores and tailings.

Although challenged by the scarcity of financing funds, Globex believes it is well positioned with a combination of first class assets as well as the human and corporate resources necessary to achieve the strategic objectives outlined in our Corporate Focus.

### **Additional information**

This analysis should be read in conjunction with the comparative financial statements for the year ended December 31, 2012 and the year ended December 31, 2011 and additional information about the Company, including the Annual Information Form (AIF), which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Further, the Company posts all publicly filed documents, including the AIF and this MD&A, on its website [www.globexmining.com](http://www.globexmining.com) in a timely manner.

If you would like to obtain, at no cost to you, a copy of the 2012 and/or 2011 MD&A, please send your request to:

Globex Mining Enterprises Inc.  
86, 14th Street, Rouyn-Noranda, Quebec J9X 2J1  
Telephone: 819.797.5242 Fax: 819.797.1470  
Email: [info@globexmining.com](mailto:info@globexmining.com)

### **Authorization**

The contents and the dissemination of this Management's Discussion and Analysis have been approved by the Board of Directors of the Company on March 15, 2013.

## Responsibilities for Financial Statements

The management of the Company is responsible for the preparation of the consolidated financial statements and the financial information contained in the Annual Report. The accompanying consolidated financial statements of Globex Mining Enterprises Inc. have been prepared by management and approved by the Board of Directors of the Company. Financial information contained elsewhere in this report is consistent with the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and where appropriate reflect management's best estimates and judgments based on currently available information.

Globex maintains adequate accounting systems and administrative controls to produce reliable financial statements and provide reasonable assurance that assets are properly safeguarded.

Deloitte s.e.n.c.r.l., "Comptables Professionnels agréés", have been appointed by the shareholders to conduct an independent audit of the Company's financial statements. Their report outlines the nature of their audit and expresses their opinion of the financial statements of the Company.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board of Directors carries out this responsibility through its Audit Committee, which is composed solely of independent directors. The Audit Committee is also responsible for making recommendations with respect to the appointment, the remuneration and the terms of engagement of the Company's auditors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis, the external auditor's report, and examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. Deloitte s.e.n.c.r.l., the external auditors, have full and free access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the financial statements for issuance to shareholders.

### ***"Jack Stoch"***

Jack Stoch  
President and Chief Executive Officer

### ***"James Wilson"***

James Wilson  
Chief Financial Officer, Treasurer and Corporate Secretary

## Independent Auditor's Report

To the Shareholders of  
Globex Mining Enterprises Inc.

We have audited the accompanying consolidated financial statements of Globex Mining Enterprises Inc., which comprise the consolidated statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the consolidated statements of income and comprehensive income, consolidated statements of equity and consolidated statements of cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Globex Mining Enterprises Inc. as at December 31, 2012, December 31, 2011 and January 1, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 8 to the financial statements, which explains that certain comparative information for the year ended December 31, 2011 and January 1, 2011 have been restated.

***"Deloitte s.e.n.c.r.l."***

Deloitte s.e.n.c.r.l.<sup>(1)</sup>

March 15, 2013

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A116207

**GLOBEX MINING ENTERPRISES INC.****Consolidated Statements of Income and Comprehensive Income**

(In Canadian dollars)

	Notes	December 31, 2012	December 31, 2011
<b>Continuing operations</b>			
<b>Revenues</b>	18	<b>\$ 1,189,654</b>	\$ 3,753,145
<b>Expenses</b>			
Salary		<b>774,709</b>	749,610
Administration	19	<b>540,908</b>	578,454
Professional fees and outside services	19	<b>498,540</b>	775,593
Depreciation and amortization		<b>50,052</b>	48,827
Share-based compensation and payments		<b>98,939</b>	355,694
Impairment of mineral properties and deferred exploration expenses	13, 14	<b>1,001,140</b>	375,492
Loss (gain) on foreign exchange		<b>6,730</b>	(8,851)
		<b>2,971,018</b>	2,874,819
<b>Income (loss) from operations</b>		<b>(1,781,364)</b>	878,326
<b>Other income (expenses)</b>			
Gain on sale of investments		-	140,610
Interest income		<b>16,845</b>	25,928
Decrease in fair value of financial assets		<b>(1,699,299)</b>	(420,425)
Other		<b>33,022</b>	96,050
Gain on spin-out of assets	6	<b>6,103,061</b>	-
		<b>4,453,629</b>	(157,837)
<b>Income before taxes</b>		<b>2,672,265</b>	720,489
<b>Income (recovery) and mining taxes</b>	17	<b>(270,412)</b>	361,721
<b>Income and comprehensive income for the year</b>		<b>\$ 2,942,677</b>	\$ 358,768
<b>Income per common share</b>			
Basic and diluted	20	<b>\$ 0.12</b>	\$ 0.02
<b>Weighted average number of common shares outstanding</b>		<b>24,013,516</b>	21,984,808
<b>Shares outstanding at end of year</b>		<b>27,896,018</b>	22,726,241

The accompanying notes are an integral part of these financial statements



**GLOBEX MINING ENTERPRISES INC.**  
**Consolidated Statements of Cash Flows**  
(In Canadian dollars)

	Notes	December 31, 2012	December 31, 2011
			<i>Restated</i>
			<i>(Note 8)</i>
<b>Operating activities</b>			
Income and comprehensive income for the year		\$ 2,942,677	358,768
Adjustments for:			
Disposal of mineral properties for shares		(134,500)	(1,781,000)
Decrease in fair value of financial assets		1,699,299	420,425
Depreciation and amortization		50,052	48,827
Foreign exchange rate variation on reclamation bond		2,424	(2,690)
Gain on sale of investments		-	(140,610)
Impairment of mineral properties and deferred exploration expenses		1,001,140	375,492
Gain on spin-out of assets		(6,103,061)	-
Amortization of bonds premium		-	597
Current tax expense		323,540	(17,505)
Deferred income and mining taxes		(593,950)	379,226
Income and mining taxes paid		(15,025)	(58,115)
Share-based compensation and payments		98,939	355,694
		(3,671,142)	(419,659)
Changes in non-cash operating working capital items	23	(108,418)	120,968
		(836,883)	60,077
<b>Financing activities</b>			
Issuance of common shares		6,375,935	2,106,180
Share issuance costs		(457,802)	(30,703)
		5,918,133	2,075,477
<b>Investing activities</b>			
Acquisition of properties, plant and equipment		(89,437)	(97,581)
Deferred exploration expenses		(3,058,245)	(4,004,265)
Mineral properties acquisitions		(136,844)	(228,447)
Proceeds on mineral properties optioned		114,384	689,484
Proceeds on sale of investments		-	2,175,034
Acquisition of investments		-	(6,441)
		(3,170,142)	(1,472,216)
Net increase in cash and cash equivalents		1,911,108	663,338
Cash and cash equivalents, beginning of year		2,985,873	2,322,535
<b>Cash and cash equivalents, end of year</b>		<b>\$ 4,896,981</b>	<b>\$ 2,985,873</b>
Cash and cash equivalents		\$ 521,496	\$ 2,074,901
Cash reserved for exploration		4,375,485	910,972
		<b>\$ 4,896,981</b>	<b>\$ 2,985,873</b>

Supplementary cash flows information (note 23)

The accompanying notes are an integral part of these financial statements

**GLOBEX MINING ENTERPRISES INC.**

**Consolidated Statements of Financial Position**

(In Canadian dollars)

	Notes	December 31, 2012	December 31, 2011	January 1, 2011
			<i>Restated</i>	<i>Restated</i>
			<i>(Note 8)</i>	<i>(Note 8)</i>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	\$ 521,496	\$ 2,074,901	\$ 352,863
Cash reserved for exploration	8	4,375,485	910,972	1,969,672
Investments	9	637,267	2,202,066	2,870,071
Accounts receivable	10	1,062,587	486,805	373,904
Refundable tax credit and mining duties	17	-	81,794	242,690
Prepaid expenses and deposits		102,466	130,258	75,140
		<b>6,699,301</b>	5,886,796	5,884,340
Reclamation bonds	11	119,256	121,680	118,990
Properties, plant and equipment	12	565,053	525,668	476,914
Mineral properties	13	3,045,931	3,049,515	2,907,036
Deferred exploration expenses	14	13,664,519	11,907,484	8,382,227
		<b>\$ 24,094,060</b>	\$ 21,491,143	\$ 17,769,507
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and accruals	15	\$ 1,141,300	\$ 698,700	\$ 594,265
Related party payable	22	200,849	-	-
Dividend payable	6	575,909	-	-
Current income tax		334,994	312,148	387,768
		<b>2,253,052</b>	1,010,848	982,033
Other liabilities	16	836,144	234,693	468,934
Deferred tax liabilities	17	3,346,423	3,519,727	2,500,108
<b>Owners' equity</b>				
Share capital	21	48,278,353	50,288,153	48,019,236
Deficit		(34,234,815)	(37,177,492)	(37,536,260)
Contributed surplus - Equity settled reserve		3,614,903	3,615,214	3,335,456
		<b>17,658,441</b>	16,725,875	13,818,432
		<b>\$ 24,094,060</b>	\$ 21,491,143	\$ 17,769,507

The accompanying notes are an integral part of these financial statements

Approved by the board

**"Jack Stoch"**

Jack Stoch, Director

**"Dianne Stoch"**

Dianne Stoch, Director

**GLOBEX MINING ENTERPRISES INC.**  
**Consolidated Statements of Equity**  
(In Canadian dollars)

	Notes	December 31, 2012	December 31, 2011
<b>Common shares</b>			
Beginning of year		\$ 50,288,153	\$ 48,019,236
Issued on exercise of options		207,500	352,116
Fair value of shares issued under private placements		5,122,437	1,439,245
Shares issued in connection with a property acquisition		-	500,000
Spin-out distribution of assets <sup>(i)</sup>	6	(7,005,084)	-
Share issuance costs, net of taxes of \$123,149 (December 31, 2011 - \$8,259)		(334,653)	(22,444)
End of year		\$ 48,278,353	\$ 50,288,153
<b>Contributed surplus - Equity settled reserve</b>			
Beginning of year		\$ 3,615,214	\$ 3,335,456
Share-based compensation		60,289	355,694
Share-based payments		38,650	-
Fair value of stock options exercised		(99,250)	(75,936)
End of year		\$ 3,614,903	\$ 3,615,214
<b>Deficit</b>			
Beginning of year		\$ (37,177,492)	\$ (37,536,260)
Income attributable to shareholders		2,942,677	358,768
End of year		\$ (34,234,815)	\$ (37,177,492)
<b>Total Equity</b>		<b>\$ 17,658,441</b>	<b>\$ 16,725,875</b>

The accompanying notes are an integral part of these financial statements

(i) Represent the equivalent of a dividend per share of \$ 0.25 \$ -

# Notes to the Consolidated Financial Statements

Periods ending December 31, 2012 and 2011

## 1. General business description

Globex Mining Enterprises Inc. ("Globex") is a Canadian focused exploration, royalty and development company with a North American mineral portfolio in excess of 100 early to mid-stage exploration and development properties containing; Base Metals (copper, nickel, zinc, lead), Precious Metals (gold, silver, platinum, palladium), Specialty Metals (manganese, iron, uranium, lithium and rare earths) and Industrial Minerals (mica, as well as talc and magnesium). The Company currently generates royalty and option income from properties which contain gold, silver and zinc.

Globex was incorporated in the province of Quebec and its head office and principal business offices are located at 86, 14th Street, Rouyn-Noranda, Quebec, J9X 2J1, Canada.

On September 10, 2012, Globex and Chibougamau Independent Mines Inc. ("CIM") entered into an Arrangement which resulted in the reorganization of the capital of Globex and CIM, transfer of cash and cash equivalents, certain investments held by Globex as well as the transfer of ten properties from Globex to CIM subject to a 3% "gross metal royalty" in favour of Globex. The properties transferred under the arrangement are as follows:

- Bateman Bay Mine (including a portion of the Jaculet Mine),
- Berrigan Lake (Taché) Property,
- Berrigan South Property,
- Chibougamau Lake, (including S-3 & Tommy Zones, down dip of Henderson 1 & 2 and Portage Mines),
- Copper Cliff Property,
- Grandroy Mine,
- Kokko Creek Mine,
- Québec Chibougamau Goldfields Mine,
- Sulphur Converting (massive sulphide)/Magnetite Bay (Iron-titanium deposit),
- Virginia Property.

On December 29, 2012 (the "Effective Date"), Globex completed the reorganization by way of a Plan of Arrangement under the Business Corporations Act (Québec) which resulted in the transfer of cash of \$503,006, investments with a fair market value of \$72,903 and ten mining properties with a fair market value of \$6,429,175 to CIM, for an aggregate value of \$7,005,084 to CIM.

Under the Arrangement, each Globex shareholder, at the Effective Date, was entitled to receive one New Globex common share and one common share of CIM which resulted in the issuance of 27,896,018 CIM common shares. The distribution has been reflected as a return of capital of Globex. The CIM shares began trading on the TSX Venture Exchange on January 25, 2013. See also note 6.

The Company's common shares are listed on the Toronto Stock Exchange under the symbol GMX, in Europe on the Frankfurt, Munich, Stuttgart, Berlin and Xetra changes under the symbol G1M and GLBFX on the OTCQX International, USA.

The Arrangement was designed to maximize shareholder value on the exploration and evaluation assets forming part of the Chibougamau Mining Camp. Globex will continue to hold its other mineral resource properties.

The Company seeks to create shareholder value by acquiring mineral properties, enhancing them and either optioning, selling or joint venturing them or developing them to production.

## 2. Basis of presentation

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”).

### (b) Basis of Presentation

These financial statements were prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through the income statement. The consolidated financial statements are presented in Canadian dollars unless otherwise specified.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposal thereof.

These consolidated financial statements have been prepared on a going-concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Company and management’s current operating plans.

### (c) Approval of Financial Statements

The Company’s Board of Directors approved these annual audited consolidated financial statements for the years ended December 31, 2012 and December 31, 2011 on March 15, 2013.

## 3. New and revised International Financial Reporting Standards issued, but not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective, and have not been applied in preparing these consolidated financial statements.

*IFRS 9 - Financial Instruments* - The amendments to IFRS 9 is the first of multi-phase project to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. It simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial instrument and its related classification and measurement. IFRS 9 is effective from periods beginning January 1, 2015 with early adoption permitted. Management does not expect to early adopt this standard.

### **3. New and revised International Financial Reporting Standards issued, but not yet effective (Continued)**

*IFRS 10 - Consolidated Financial Statements* - In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements which replaces all of the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purposes Entities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated statements of a parent. The Company is evaluating the impact this new guidance may have on the Company's financial statements.

*IFRS 11 - Joint Arrangements* - In May 2011, the IASB issued IFRS 11 Joint Arrangements which replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities. IFRS 11 is effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted.

IFRS 11 enhances the accounting guidance for joint arrangements, particularly by focusing on the rights and obligations of the arrangement, rather than the arrangement's legal form. It also addresses inconsistencies in the reporting of joint arrangements by requiring a single method of accounting for jointly controlled entities and prohibits proportionate consolidation. The Company is evaluating the impact this new guidance may have on the Company's financial statements.

*IFRS 12 - Disclosure of Involvement with Other Entities* - In May 2011, the IASB issued IFRS 12 which sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11 and has the same effective date as those standards.

IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interests, in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company is evaluating the impact this new guidance may have on the Company's financial

*IFRS 13 - Fair Value Measurement* – In May 2011, the IASB issued IFRS 13 which is effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a “fair value hierarchy” which categorizes the inputs used in valuation techniques into three levels. The hierarchy gives highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The Company is currently evaluating the impact that the standard may have on the consolidated financial statements.

### **4. Summary of significant accounting policies**

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below.

#### 4. Summary of significant accounting policies (Continued)

##### Basis of consolidation

The consolidated financial statements include the accounts of the Company, and its controlled subsidiaries Globex Nevada Inc., Worldwide Magnesium Corporation and Eco Refractory Solutions Inc. as well as its joint venture Duparquet Assets Ltd. using proportionate consolidation. All significant intercompany transactions and balances have been eliminated on consolidation. The table which follows outlines Globex's interest in the respective entities:

Corporate Entity	Relationship	December 31, 2012	December 31, 2011
Globex Nevada, Inc.	Subsidiary	100%	100%
Duparquet Assets Ltd.	Joint Venture	50%	50%
WorldWide Magnesium Corporation	Subsidiary	90%	90%
Eco Refractory Solutions Inc.	Subsidiary	75%	75%
Chibougamau Independent Mines Inc.	Subsidiary <sup>(i)</sup>	0%	100%

(i) Shares cancelled September 24, 2012 in connection with the implementation of the Plan of Arrangement.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interest in net assets of consolidated subsidiaries is identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of their interest in the subsidiary's equity are allocated against the interest of the Company except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

##### Foreign currencies

The Company's presentation currency and the functional currency of all of its operations is the Canadian (Cdn) dollar as this is the principal currency of the economic environment in which they operate. Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on conversion of these foreign currency transactions are included in income and loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Revenue and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

#### **4. Summary of significant accounting policies (Continued)**

##### **Interest in joint ventures**

A joint venture can take the form of a jointly controlled entity, jointly controlled operation or jointly controlled assets. A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When the Company undertakes its activities under joint venture arrangements, its share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interest in jointly controlled assets are accounted for on an accrual basis.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Company reports its interest in jointly controlled entities using proportionate consolidation.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

##### **Cash reserved for exploration**

Cash reserved for exploration comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. These funds are reserved for funding prescribed resource expenditures.

##### **Refundable tax credits and mining duties**

The Company is entitled to a refundable tax credit of 35% on qualified exploration expenditures incurred in the province of Quebec. The Company is also entitled to a refund of mining duties of the lesser of 16% on 50% of qualified mining exploration expenses or operating losses during the period, net of the refundable tax credit.

The credit or refunds are recorded based on management's best estimates once the necessary information is available and management believes that the amounts are collectible.

##### **Financial assets**

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



#### 4. Summary of significant accounting policies (Continued)

##### **Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Company has designated all of its investments as at FVTPL upon initial recognition.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in income or loss. Fair value is determined in the manner described in note 24.

Interest income on debt instruments at FVTPL is included in the net gain or loss described above. Dividend income on investments in equity instruments at FVTPL is recognized in income or loss when the Company's right to receive the dividends is established.

##### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

##### **Available-for-sale financial assets (AFS financial assets)**

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

#### **4. Summary of significant accounting policies (Continued)**

Listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 24. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in income or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to income or loss.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivables and refundable tax credit and mining duties) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### **Effective interest rate method**

The effective interest method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

##### **Impairment of financial assets at amortized cost**

Financial assets other than those at FVTPL, including loans and receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial asset have been affected. If the impairment loss decreases, then the impairment loss is reversed through income or loss, to the extent that the carrying amount of the investment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

##### **Derecognition of financial assets**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets.

#### 4. Summary of significant accounting policies (Continued)

##### Classification of financial assets

The table below illustrates the classification and measurement of financial assets under IAS 39:

Financial assets	Measurement category under IAS 39
Cash and cash equivalents	Loans and receivables
Cash reserved for exploration	Loans and receivables
Equity investments	Financial assets at FVTPL
Debt investments	Financial assets at FVTPL
Accounts receivable	Loans and receivables
Refundable tax credit and mining duties	Loans and receivables
Reclamation bonds	Available for sale

##### Properties, plant and equipment

Properties, plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment charges.

Where an item of properties, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of properties, plant and equipment. Expenditures incurred to replace a component of an item of properties, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Management reviews the estimated useful lives, residual values and depreciation methods of the Company's properties, plant and equipment at the end of each annual financial reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

##### Mineral properties

All direct costs related to the acquisition of mineral properties are capitalized, at their cost at the date of acquisition, by property.

##### Deferred exploration and evaluation expenses

All costs incurred prior to obtaining the legal rights to undertake exploration and evaluation activities are recognized in the income statement as incurred. Exploration and evaluation costs arising following the acquisition of the right to explore are capitalized on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical costs and deferred exploration costs, and are carried at historical cost less any impairment losses recognized. The Company classifies exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired.

#### 4. Summary of significant accounting policies (Continued)

General exploration costs not related to specific properties and general exploration administrative expenses are charged to the consolidated statement of income and comprehensive income (loss) in the year in which they are incurred.

If an exploration project is successful, then the related expenditures are transferred to mining assets and amortized over the estimated life of the ore reserves on a unit of production basis.

The recoverability of deferred exploration and evaluation costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain the necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposal thereof.

##### Depreciation

Properties, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets. The significant classes and their estimated useful lives are as follows:

Buildings	20 years
Mining equipment	5 years
Office equipment	2 to 5 years
Vehicles	5 years
Computer systems	3 years

##### Impairment of non-financial assets

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for mineral properties, deferred exploration and evaluation expenses are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area; or
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Reversals of impairment losses are recognized in respect of exploration and evaluation expenditures where this is justified by a change of circumstances.

#### 4. Summary of significant accounting policies (Continued)

##### Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

##### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or arising from the use by others of the Company's assets yielding option income, royalties, interest and dividends. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below.

##### (a) Sales of mineral properties

The proceeds from the sale of mineral properties are initially recorded as a credit against the carrying costs of the property and deferred exploration expenses until they are fully recovered and any additional amounts are recorded as other income.

##### (b) Option income

Option income is recognized on an accrual basis in accordance with the substance of the relevant agreements. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted on an active market and if the market for the shares is not active, fair value is established by using a valuation technique.

Option income is initially recorded as a credit against the carrying costs of the property and deferred exploration expenses until they are fully recovered.

##### (c) Royalty income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

##### (d) Interest and dividend income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **4. Summary of significant accounting policies (Continued)**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

##### **Share-based compensation and payments**

###### **Share-based payments to non-employees**

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the Company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument, measured at the date the Company obtains the goods or the counterparty renders the service.

###### **Share-based compensation**

The Company grants stock options to buy common shares of the Company to Directors, Officers, and Employees. The Board of Directors grants such options for periods up to five years, with vesting periods determined at its sole discretion and at the TSX prices at the close of business on the day prior to the option grant.

The fair value of the options is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the options are earned. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modifications which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

If and when the stock options are exercised, the applicable fair value amounts charged to contributed surplus are transferred to share capital.

When unexercised stock options are forfeited or expired, the amounts are transferred to deficit.

###### **Current and deferred taxes**

Taxes, comprising both income and resource taxes accounted for as income taxes, are recognized in the statement of income and loss, except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity. Taxes on income are recorded using the tax rate that would be applicable to expected annual income.

The current income tax charge is based on taxable income for the period. Taxable income differs from net income as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible.

#### 4. Summary of significant accounting policies (Continued)

Deferred tax is recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profits will enable the deferred tax asset to be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to the extent that it is no longer probable that sufficient taxable income will be available to ensure that all or part of the asset will be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **Flow-through shares**

The Company raises funds through the issuance of “flow-through” shares which entitles investors to prescribed resource tax benefits and credits once the Company has renounced these benefits to the subscribers in accordance with the tax legislation. The Company considers the issuance of flow-through shares in substance; (a) an issue of an ordinary share; and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the relative fair value method. At the time, the flow-through shares are issued; the sale of tax deductions is deferred and presented as an Other Liability. When the Company fulfills its obligation; the liability is reduced and the sale of tax deductions is recognized in the income statement as a reduction of the deferred tax expense; and a deferred tax liability is recognized, in accordance with IAS 12, *Income Taxes*, for the taxable temporary differences between the carrying value of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

##### **Income per share**

Basic income per share is computed by dividing the net income attributable to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted income per share is computed similar to basic income per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options (if dilutive).

The number of additional shares is calculated by assuming that outstanding dilutive stock options were exercised and the proceeds from such exercise were used to acquire common stock at the average market price during the reporting periods.

#### **4. Summary of significant accounting policies (Continued)**

##### **Share Capital**

The Company's common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **5. Significant accounting assumptions, judgments and estimates**

The preparation of financial statements under the principles of IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarized below. Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are:

##### **(a) Impairment of mineral properties and deferred exploration expenses**

At the end of each reporting period, the Company considers whether there has been an impairment of its mineral properties, deferred exploration and development expenses. If the Company determines that there has been impairment then it must estimate the recoverable amount and selling costs resulting in a net recoverable amount. As a result of the limited information available, it requires significant management judgment in estimating a net recoverable amount.

##### **(b) Estimate of share-based compensation and payment cost**

The estimate of share-based compensation and payment costs requires the selection of an appropriate valuation model and consideration as the inputs necessary for the model chosen. The Company has made estimates of the volatility of its own shares, the probable life of options granted, interest rates, and the time of exercise of those options. The Company uses the Black-Scholes valuation model to calculate the fair value of the share-based compensation and payment costs.



## **5. Significant accounting assumptions, judgments and estimates (Continued)**

### **(c) Fair value estimates of investments**

Globex enters into option agreements for its properties. Under these arrangements, the Company typically receives a series of cash option payments over a period of time and it also often receives shares in the Optionee company. Globex attempts to determine the fair value of the shares on receipt based on published price quotations in an active market. However, in some cases, when received, the shares may not be traded in an active market and as a result Globex must use a valuation technique to determine the fair market value. In some cases, as a result of the strategic nature or volume of trading in the market, the quoted price may also not be representative of the price that these shares could be sold to a willing arm's length party. These valuation issues could also impact the fair value measurement of financial assets at each period end.

### **(d) Useful lives of properties, plant and equipment**

The Company reviews the estimated useful lives of properties, plant and equipment at the end of each annual reporting period. During the period, Management determined that the useful lives of the equipment were appropriate.

### **(e) Refundable tax credit and mining duties**

The estimates are based on an interpretation of legislation substantially enacted and management's application of their interpretation to the treatment of various items which could impact the valuation.

### **(f) Deferred tax balances**

The Company uses the asset and liability method in accounting for deferred income taxes and mining duties. Under this method, deferred income taxes are recognized for the future income tax. In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate structure plans which may impact taxable income in future periods.

### **(g) Estimate of fair value of transferred assets**

In order to determine the fair value of the Mining Properties transferred under the Plan of Arrangement, management engaged an independent consultant who identified comparable transactions within the last twenty eight months, as near as possible for properties within the same geographical area and a similar geological setting. The values for the Bateman Bay, Berrigan Lake and Berrigan South Properties as well as the Chibougamau Lake Property were developed based on independent third party input. The remaining values were developed by management applying a consistent approach.

In order to estimate the fair value of all of the Globex properties, which was used to determine the "Butterfly Proportion" to allocate cash and investments to Chibougamau Independent Mines, management estimated the fair value based on industry standard approaches, similar to those applied by the independent third party.

While management believes that these are reasonable estimates, future results may vary.

## 6. Plan of Arrangement

At December 31, 2012, the Company recorded a distribution of \$7,005,084 representing the assets transferred to CIM under the Plan of Arrangement as described in Note 1. The Company followed IFRIC 17 - *Distributions of Non-Cash Assets to Owners*, in accounting for this transaction. In accordance with this guidance, a dividend was recorded as a return of capital in the Statement of Equity, based on the fair value of the distribution.

Fair value of assets transferred to CIM	
Mining properties <sup>(a)</sup>	\$ 6,429,175
Cash and near cash <sup>(b)</sup>	503,006
Investments <sup>(c)</sup>	72,903
	<hr/>
	\$ 7,005,084

(a) The fair value of the ten mining properties was derived from comparable transactions within the last twenty eight months, as near as possible, for properties within the same geographical area with a similar geological setting.

(b) The fair value of the cash transferred from Globex to CIM of \$503,006 represents the net fair value (fair value of cash and cash equivalents minus related current liabilities and other adjustments) of the cash and cash equivalents held by Globex at the Effective Date (December 29, 2012). The net fair value has been allocated to CIM based on the proportion that the fair value of the CIM mining properties represents of the fair value of the total of Globex mining properties and other business properties. This allocation proportion (Butterfly Proportion of 11.44%) is consistent with the advance tax ruling that the Company received on December 6, 2012.

(c) The fair value of the investments transferred of \$72,903 represents the fair value of the investments held by Globex at the effective date (December 29, 2012) allocated to CIM based on the Butterfly Proportion of 11.44%.

Since the properties were transferred to CIM at December 31, 2012, and the New Globex common shares and the CIM common shares had been issued in connection with the assets transferred to CIM, the Company has recorded a gain on the spin-out of assets in the Statement of Income and Comprehensive Income:

Fair value of properties transferred	\$ 6,429,175
Carrying value of mineral properties transferred	(60,101)
Deferred exploration costs related to transferred properties	(266,013)
	<hr/>
	\$ 6,103,061

The distribution of assets and issuance of CIM shares was effected on a "tax-neutral" basis.

At December 31, 2012, the dividend payable of \$575,909 represented cash of \$503,006 and investments of \$72,903.

## 7. Cash and cash equivalents

	December 31, 2012	December 31, 2011	January 1, 2011
Bank balances	\$ (79,357)	\$ 974,902	\$ 352,863
Short-term deposits	600,853	1,099,999	-
	<b>\$ 521,496</b>	<b>\$ 2,074,901</b>	<b>\$ 352,863</b>

## 8. Cash reserved for exploration

	December 31, 2012	December 31, 2011	January 1, 2011
Bank balances	\$ 4,375,485	\$ 910,972	\$ 1,969,672

The Company raises flow-through funds for exploration under subscription agreements which require the Company to incur prescribed resource expenditures. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by the financing. If the Company does not incur the resource expenditures, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

At the year-end, Management reviewed IAS 1, *Presentation of Financial Statements* along with the definitions of cash and cash equivalents as well as the guidance related to cash and cash equivalents held by the entity that are not available for use by the company as outlined in IAS 7, *Statement of Cash Flows*. Management concluded that the flow-through funds while restricted in their use were not controlled in a third party trust and therefore should be treated as a component of cash and cash equivalents as they meet the definition per the standard. In the past, these funds were disclosed separately as restricted funds, a non-current item, in the statements of financial position and variations were presented as investing activities in the statement of cash flows.

The Company is required to separately disclose the impact of corrections of errors, if any, in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. As at December 31, 2011, Restricted Cash of \$910,972 (January 1, 2011, \$1,969,672) has been reclassified from a non-current asset to a current asset and renamed as Cash Reserved for exploration. In the Statements of Cash Flow for 2011, Management has reclassified this amount as a component of cash and cash equivalents.

## 9. Investments

	December 31, 2012	December 31, 2011	January 1, 2011
Debt investments	\$ -	\$ -	\$ 957,288
Interests in money market funds (debt)	-	-	966,084
Equity investments <sup>(i, ii, iii)</sup>	637,267	2,202,066	946,699
	<b>\$ 637,267</b>	<b>\$ 2,202,066</b>	<b>\$ 2,870,071</b>

(i) At December 31, 2012, includes 13.5 million Mag Copper Limited shares valued at \$202,500; 3.7 million Laurion Mineral Exploration Inc. shares valued at \$92,500; 7,000 TD preferred shares valued at \$187,950; and other equity investments received under option agreements which total \$154,317. The 13.5 million Mag Copper Limited represented 24.73% of the shares outstanding at December 31, 2012. Globex has no board representation and therefore has no significant influence and expects to be further diluted in the near future.

## 9. Investments (Continued)

(ii) At December 31, 2011, includes 13.5 million Mag Copper Limited shares valued at \$1,687,500; 2.7 million Laurion Mineral Exploration Inc. shares valued at \$148,500; 7,000 TD preferred shares valued at \$192,350; and other equity investments received under option agreements which total \$173,716.

(iii) At January 1, 2011, includes 1 million Xmet Inc. shares valued at \$260,000; 7,000 TD preferred shares valued at \$194,300; 1.7 million Laurion Mineral Exploration Inc. shares valued at \$170,000; 400,000 Glenn Eagle Resources Inc. shares valued at \$102,000; 200,000 Savant Exploration Ltd. shares valued at \$58,000 and other equity received under option agreements which total \$162,399.

## 10. Accounts receivable

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Trade receivables	\$ 229,363	\$ 366,539	\$ 276,499
Chibougamau Independent Mines Inc.	<b>484,204</b>	-	-
Taxes receivable	<b>349,020</b>	120,266	97,405
	<b>\$ 1,062,587</b>	\$ 486,805	\$ 373,904

Trade receivables of \$229,363 consist primarily of amounts recoverable under joint venture arrangements and metal royalty payments. They are all current and the Company anticipates full recovery of these amounts.

The \$484,204 due from CIM represents advances to enable CIM to complete the Plan of Arrangement.

The taxes receivable of \$349,020 represent harmonized and Quebec sales tax ("GST", "HST", "QST") receivable from Canadian taxation authorities.

## 11. Reclamation bonds

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Nova Scotia bond - Department of Natural Resources	\$ 57,974	\$ 57,974	\$ 57,974
Option reimbursement	<b>(50,000)</b>	(50,000)	(50,000)
Net Nova Scotia bond	<b>7,974</b>	7,974	7,974
Washington State bond - Department of Natural Resources	<b>111,282</b>	113,706	111,016
	<b>\$ 119,256</b>	\$ 121,680	\$ 118,990

The reclamation and environmental bonds were posted by the Company to secure clean-up expenses in the event of mine closure or property abandonment as required by regulations or laws in the various jurisdictions. The reclamation and environmental bonds are carried at amortized cost and represent management's estimate of their right to reimbursement. Changes in the carrying value of the rights are recognized in income or loss in the period in which these changes occur.

## 12. Properties, plant and equipment

	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer Systems	Total
<b>Cost</b>						
Balance - beginning of year	\$ 415,112	\$ 33,390	\$ 145,419	\$ 23,462	\$ 197,789	\$ 815,172
Additions	-	47,920	855	32,715	16,091	97,581
Disposals	-	-	-	-	-	-
December 31, 2011	415,112	81,310	146,274	56,177	213,880	912,753
<b>Additions</b>	<b>82,515</b>	-	-	-	<b>6,922</b>	<b>89,437</b>
<b>Disposals</b>	-	-	-	-	-	-
<b>December 31, 2012</b>	<b>\$ 497,627</b>	<b>\$ 81,310</b>	<b>\$ 146,274</b>	<b>\$ 56,177</b>	<b>\$ 220,802</b>	<b>\$ 1,002,190</b>
<b>Accumulated depreciation</b>						
Balance - beginning of year	\$ (34,801)	\$ (29,636)	\$ (84,145)	\$ (18,597)	\$ (171,079)	\$ (338,258)
Additions	(13,179)	(5,544)	(12,269)	(3,154)	(14,681)	(48,827)
December 31, 2011	(47,980)	(35,180)	(96,414)	(21,751)	(185,760)	(387,085)
<b>Additions</b>	<b>(12,520)</b>	<b>(9,228)</b>	<b>(9,972)</b>	<b>(6,884)</b>	<b>(11,448)</b>	<b>(50,052)</b>
<b>December 31, 2012</b>	<b>\$ (60,500)</b>	<b>\$ (44,408)</b>	<b>\$ (106,386)</b>	<b>\$ (28,635)</b>	<b>\$ (197,208)</b>	<b>\$ (437,137)</b>
<b>Carrying value</b>						
January 1, 2011	\$ 380,311	\$ 3,754	\$ 61,274	\$ 4,865	\$ 26,710	\$ 476,914
December 31, 2011	\$ 367,132	\$ 46,130	\$ 49,860	\$ 34,426	\$ 28,120	\$ 525,668
<b>December 31, 2012</b>	<b>\$ 437,127</b>	<b>\$ 36,902</b>	<b>\$ 39,888</b>	<b>\$ 27,542</b>	<b>\$ 23,594</b>	<b>\$ 565,053</b>

## 13. Mineral properties

	Nova Scotia	Ontario	Quebec	Other	Total
Balance - beginning of year	\$ 42,356	\$ 40,671	\$ 2,824,009	\$ -	\$ 2,907,036
Additions	10,689	21,500	696,258	-	728,447
Recoveries	(22,631)	-	(563,337)	-	(585,968)
December 31, 2011	\$ 30,414	\$ 62,171	\$ 2,956,930	\$ -	\$ 3,049,515
<b>Additions</b>	-	-	<b>136,844</b>	-	<b>136,844</b>
<b>Impairment provisions</b>	<b>(11,557)</b>	<b>(14,400)</b>	<b>(35,970)</b>	-	<b>(61,927)</b>
<b>Spin-out of properties</b>	-	-	<b>(60,101)</b>	-	<b>(60,101)</b>
<b>Recoveries</b>	-	-	<b>(18,400)</b>	-	<b>(18,400)</b>
<b>December 31, 2012</b>	<b>\$ 18,857</b>	<b>\$ 47,771</b>	<b>\$ 2,979,303</b>	<b>\$ -</b>	<b>\$ 3,045,931</b>

## 14. Deferred exploration expenses

	New Brunswick	Nova Scotia	Ontario	Quebec	Other	Total
Balance - beginning of year	\$ 17,541	\$ 160,825	\$ 2,784,904	\$ 5,418,957	\$ -	\$ 8,382,227
Additions	112,634	132,138	1,237,151	2,505,298	17,044	4,004,265
Impairment provisions	-	(6,322)	(7,900)	(344,226)	(17,044)	(375,492)
Recoveries	-	(27,628)	-	(75,888)	-	(103,516)
December 31, 2011	130,175	259,013	4,014,155	7,504,141	-	11,907,484
<b>Additions</b>	<b>9,776</b>	<b>15,054</b>	<b>1,089,416</b>	<b>1,933,363</b>	<b>10,636</b>	<b>3,058,245</b>
<b>Impairment provisions</b>	<b>(856)</b>	<b>(149,177)</b>	<b>(8,521)</b>	<b>(770,023)</b>	<b>(10,636)</b>	<b>(939,213)</b>
<b>Spin-out of properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(266,013)</b>	<b>-</b>	<b>(266,013)</b>
<b>Recoveries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(95,984)</b>	<b>-</b>	<b>(95,984)</b>
<b>December 31, 2012</b>	<b>\$ 139,095</b>	<b>\$ 124,890</b>	<b>\$ 5,095,050</b>	<b>\$ 8,305,484</b>	<b>\$ -</b>	<b>\$ 13,664,519</b>

### Deferred Exploration Expenses

	December 31, 2012	December 31, 2011
Balance - beginning of year	\$ 11,907,484	\$ 8,382,227
Current exploration expenses		
Consulting	421,196	789,965
Core shack, storage and equipment rental	27,961	80,257
Drilling	664,200	862,280
Environment	67,323	181,972
Geology	448,099	405,324
Geophysics	466,672	511,483
Laboratory analysis and sampling	190,768	244,046
Labour	407,178	359,202
Line cutting	81,723	163,433
Mining property tax and permits	53,454	79,275
Prospecting and surveying	26,941	131,601
Reports, maps and supplies	31,353	70,239
Transport and road access	171,377	125,188
Total current exploration expenses	3,058,245	4,004,265
Impairment provisions	(939,213)	(375,492)
Spin-out of properties	(266,013)	-
Option revenue offset	(95,984)	(103,516)
	(1,301,210)	(479,008)
Current net deferred exploration expenses	1,757,035	3,525,257
Balance - end of year	\$ 13,664,519	\$ 11,907,484

Additional information is provided in Schedule A

## 15. Payables and accruals

	December 31, 2012	December 31, 2011	January 1, 2011
Trade payable and accrued liabilities	\$ 1,067,453	\$ 609,808	\$ 420,391
Sundry liabilities	73,847	88,892	173,874
	<b>\$ 1,141,300</b>	<b>\$ 698,700</b>	<b>\$ 594,265</b>

## 16. Other liabilities

	December 31, 2011	December 31, 2011
Balance, beginning of year	\$ 234,693	\$ 468,934
Additions during the year <sup>(i)</sup>	1,145,248	390,755
Reduction related to the incurrence of qualified exploration expenditures	(543,797)	(624,996)
Balance, end of year	<b>\$ 836,144</b>	<b>\$ 234,693</b>

(i) Represents the excess of the proceeds received from flow-through shares over shares fair value. Further details are provided in note 21, share capital section.

## 17. Income taxes

### Income and mining tax expense (recovery)

	December 31, 2012	December 31, 2011
Current tax expense (recovery)		
Tax expenses for the current period	\$ 323,540	\$ (17,505)
Deferred tax provision (recovery) for income tax and mining duties	(50,155)	1,004,222
Recovery of income and mining taxes as a result of the sale of tax benefits (flow-through shares)	(543,797)	(624,996)
	<b>(593,952)</b>	<b>379,226</b>
	<b>\$ (270,412)</b>	<b>\$ 361,721</b>

### Refundable tax credit and mining duties

	December 31, 2012	December 31, 2011	January 1, 2011
Quebec refundable tax credit	\$ -	\$ 59,617	\$ 59,617
Mining tax recoverable	-	22,177	183,073
	<b>\$ -</b>	<b>\$ 81,794</b>	<b>\$ 242,690</b>

The Company applied for certain refundable tax credits in respect of qualifying mining exploration expenses incurred in the province of Quebec.

## 17. Income taxes (Continued)

### Tax expense reconciliation

The reconciliation of the income tax expenses, calculated using the statutory combine income tax rates of the Federal government and the Province of Quebec, to the income tax expense as per the financial statements, is as follows:

	December 31, 2012	December 31, 2011
<b>Income before taxes</b>	<b>\$ 2,672,265</b>	\$ 720,489
Combined tax rates	26.9%	28.4%
<b>Income and mining tax provision calculated at combined rate</b>	<b>\$ 718,839</b>	\$ 204,619
Adjustments for share-based compensation and payments	26,615	101,017
Deferred tax expense related to flow-through shares	847,838	1,009,401
Non-deductible expenses and other	231,746	2,935
Taxable income at different rates	(24,095)	(194,033)
Non-taxable gain on spin-out of assets	(1,729,448)	-
Mining tax recovery	(138,255)	(53,547)
Change in valuation allowance	300,522	(10,788)
Withholding tax on prior year metal royalty income	264,455	-
Deferred tax expense related to foreign withholding taxes	(251,700)	-
Change in future tax rate	-	(15,832)
Change in future mining duties	-	228,712
Other	26,868	-
Adjustment for mining duties arising from previous taxation years	-	(285,767)
<b>Income and mining tax provision</b>	<b>273,385</b>	986,717
Other liabilities (sale of tax benefits (flow-through shares))	(543,797)	(624,996)
<b>Income and mining tax provision (recovery) related to continuing operations</b>	<b>\$ (270,412)</b>	\$ 361,721

As at December 31, 2012, the Company has non-capital loss carry forwards of \$4,886,639 available to reduce future years' income for tax purposes. The non-capital losses will expire as follows:

2027	\$ 351,244
2029	847,258
2030	614,789
2031	740,000
2032	2,333,348
	<b>\$ 4,886,639</b>



## 17. Income taxes (Continued)

### Deferred tax balances

	December 31, 2011	Recognized in income or loss	Recognized in equity	Other	December 31, 2012
Temporary differences					
Deferred tax assets					
Non-capital losses carry forward	\$ 480,764	\$ 602,116	\$ -	\$ -	\$ 1,082,880
Share issue expenses	32,539	(38,807)	123,149	-	116,881
Properties, plant and equipment	24,680	13,464	-	-	38,144
Financial assets at FVTPL	402,883	(6,681)	-	-	396,202
	940,866	570,092	123,149	-	1,634,107
Less valuation allowance	(329,820)	(300,522)	-	-	(630,342)
	611,046	269,570	123,149	-	1,003,765
Deferred tax liabilities					
Mining properties and deferred exploration expenses	(4,130,773)	(219,415)	-	-	(4,350,188)
Deferred tax liabilities	\$ (3,519,727)	\$ 50,155	\$ 123,149	\$ -	\$ (3,346,423)

	January 1, 2011	Recognized in income or loss	Recognized in equity	Other	December 31, 2011
Temporary differences					
Deferred tax assets					
Non-capital losses carry forward	\$ 488,536	\$ (7,772)	\$ -	\$ -	\$ 480,764
Share issue expenses	47,311	(23,031)	8,259	-	32,539
Properties, plant and equipment	42,745	(18,065)	-	-	24,680
Financial assets at FVTPL	340,608	62,275	-	-	402,883
	919,200	13,407	8,259	-	940,866
Less valuation allowance	(340,608)	10,788	-	-	(329,820)
	578,592	24,195	8,259	-	611,046
Deferred tax liabilities					
Mining properties and deferred exploration expenses	(3,078,700)	(1,028,417)	-	(23,656)	(4,130,773)
Deferred tax liabilities	\$ (2,500,108)	\$ (1,004,222)	\$ 8,259	\$ (23,656)	\$ (3,519,727)

## 18. Revenues

	December 31, 2012	December 31, 2011
Net option income	\$ 786,388	\$ 3,262,620
Metal royalty income	403,266	490,525
	\$ 1,189,654	\$ 3,753,145

## 19. Expenses by nature

The following is a breakdown of the nature of expenses included in administration expenses and professional fees and outside services:

	December 31, 2012	December 31, 2011
<b>Administration</b>		
Office expenses	\$ 253,951	\$ 217,210
Conventions and meetings	172,652	102,971
Advertising and shareholder information	73,242	144,863
Other administration expenses	41,063	113,410
	<b>\$ 540,908</b>	<b>\$ 578,454</b>
<b>Professional fees and outside services</b>		
Investor relations	\$ 185,301	\$ 167,645
Legal fees	113,660	129,166
Audit and accounting fees	125,209	111,000
Other professional fees	74,370	367,782
	<b>\$ 498,540</b>	<b>\$ 775,593</b>

## 20. Income per share

Basic income per common share is calculated by dividing the net income by the weighted average number of common shares outstanding during the year. Diluted income per common share is calculated by dividing the net income applicable to common shares by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as stock options. Diluted net income per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period and the proceeds from the exercise of options and the amount of compensation expense measured, but not yet recognized in income are assumed to be used to purchase common shares of the Company at the average market price during the period.

### Basic and diluted income per share

The following table sets forth the computation of basic and diluted income per share:

	December 31, 2012	December 31, 2011
<b>Numerator</b>		
Income for the period	\$ 2,942,677	\$ 358,768
<b>Denominator</b>		
Weighted average number of common shares - basic	24,013,516	21,984,808
Effect of dilutive shares		
Stock options ("in the money") <sup>(i)</sup>	334,369	1,109,174
Weighted average number of common shares - diluted	24,347,885	23,093,982
<b>Income per share</b>		
Basic	\$ 0.12	\$ 0.02
Diluted	\$ 0.12	\$ 0.02

(i) The calculation of the diluted income per share for the year ended December 31, 2012 excludes the effect of 977,900 options (422,900 in 2011) as they are anti-dilutive.

## 21. Share capital

### Common shares

#### Authorized - Unlimited common shares with no par value

#### Changes in capital stock

In connection with the Plan of Arrangement as described in notes 1 and 6, Globex's Articles were amended to create and authorize Globex to issue an unlimited number of:

- i) New Common Shares;
- ii) Butterfly Shares; and
- iii) Preference Shares, issuable in series.

The Butterfly Shares have the following attributes:

- (a) redeemable, at any time at the option of the holder at a retraction amount equal to the Butterfly Share Redemption Amount;
- (b) retractable, at any time at the option of the holder at a retraction amount equal to the Butterfly Share Redemption Amount;
- (c) the holder of the Butterfly Shares will not be entitled to any dividends;
- (d) in respect of each Butterfly Share to be redeemed, acquired or cancelled, will be the amount specified by a Globex director or officer at the Effective date of the issue of the Butterfly shares and is not subject to change thereafter and will be equal to the fair market value of the consideration for which the Butterfly Share is issued.

The Butterfly Share Redemption Amount is the aggregate fair market value of all of the Globex Common Shares outstanding immediately before the exchange of the Globex Common shares for one new Globex Common Share and one Globex Butterfly Share multiplied by the Butterfly Proportion.

#### Plan of Arrangement, Asset Transfer and Capital Reorganization Transactions:

At December 31, 2012, Globex had 27,896,018 common shares outstanding and under the Plan of Arrangement, each Globex Shareholder was entitled to receive one New Globex Common Share and one Globex Butterfly Share for each of their Globex Shares. Each Globex Butterfly Shareholder transferred their Butterfly Shares to CIM and received CIM Common Shares as consideration which resulted in the issuance of 27,896,018 CIM common shares with an aggregate fair value of \$7,005,084. The spin-out was treated as a reduction of share capital.

The Globex Butterfly Shares became an asset of CIM and were subsequently redeemed in exchange for a Globex Redemption Note of equal value.

As outlined in note 1, Globex transferred assets with a fair market value of \$7,005,084 (Cash - \$503,006; Investments - \$72,903; and Mining Properties - \$6,429,175) to CIM for CIM Redemption Shares. The CIM Redemption Share Redemption Amount represents the aggregate fair market value of all of the Transferred Assets transferred by Globex to CIM less the aggregate fair market value, as at the effective date, of the CIM Stock Options and divided by the number of CIM Redemption Shares issued as consideration thereof. On a per share basis, this represents an amount of \$0.25 per share.

The Redemption Shares were subsequently exchanged for a CIM Redemption Note of equal value.

## 21. Share capital (Continued)

Ultimately, Globex's obligations under the Globex Redemption Note were satisfied by transferring the CIM Redemption Note to CIM, and CIM accepting the CIM Redemption Note in full satisfaction of Globex's obligations under the Globex Redemption Note. Similarly, CIM satisfied its obligations under the CIM Redemption Note by transferring the Globex Redemption Note to Globex, and Globex accepting the Globex Redemption Note in full satisfaction of CIM's obligations under the CIM Redemption Note.

	December 31, 2012		December 31, 2011	
Fully paid common shares	Number of shares	Capital Stock	Number of shares	Capital Stock
Balance, beginning of period	22,726,241	\$ 50,288,153	21,018,008	\$ 48,019,236
Stock options exercised	325,000	207,500	851,000	352,116
Private placements <sup>(i, ii)</sup>	4,844,777	5,122,437	690,566	1,439,245
Shares issued in connection with a property acquisition <sup>(iii)</sup>	-	-	166,667	500,000
Spin-out	-	(7,005,084)	-	-
Share issuance costs <sup>(iv)</sup>	-	(334,653)	-	(22,444)
Balance, end of period	27,896,018	\$ 48,278,353	22,726,241	\$ 50,288,153

### 2012 Issuances

(i) June 8, 2012, 998,538 flow-through common shares were issued at a price of \$1.30 per share for total proceeds of \$1,298,099 (fair market value - \$1,073,428).

July 3, 2012, 348,599 flow-through common shares were issued at a price of \$1.30 per share for total proceeds of \$453,179 (fair market value - \$376,487).

November 9, 2012, 2,550,500 flow-through common shares at a price of \$1.30 per share for total proceeds of \$3,315,650 (fair market value - \$2,678,025) and 20,000 common shares were issued at a price of \$1.05 per share for total proceeds of \$21,000.

November 20, 2012, 663,500 flow-through common shares at a price of \$1.30 per share for total proceeds of \$862,550 (fair market value - \$696,675) and 72,000 common shares were issued at a price of \$1.05 per share for total proceeds of \$75,600.

December 28, 2012, 161,540 flow-through common shares at a price of \$1.30 per share for total proceeds of \$210,002 (fair market value - \$169,617) and 30,100 common shares were issued at a price of \$1.05 per share for total proceeds of \$31,605.

### 2011 issuances

(ii) September 30, 2011, 490,566 flow-through common shares were issued at a price of \$2.65 per share for total proceeds of \$1,300,000 (fair market value - \$1,079,245).

October 18, 2011, 200,000 flow-through common shares were issued at a price of \$2.65 per share for total proceeds of \$530,000 (fair market value - \$360,000).

(iii) On March 24, 2011, the Company announced that it had re-acquired the Magusi River property for 166,667 shares with an assigned value of \$3.00 per share.

### Share Issuance costs

(iv) Net of taxes of \$123,149 (2011 - \$8,259).

## 21. Share capital (Continued)

As at December 31, 2012, 36,100 (December 31, 2011 - 36,100) common share are held in escrow. These shares were issued as consideration for a property, which has since been abandoned, thus the shares will remain in escrow.

### Butterfly Shares

	December 31, 2012		December 31, 2011	
	Number of shares	Capital Stock	Number of shares	Capital Stock
Butterfly Shares Issued				
Balance, beginning of year	-	\$ -	-	\$ -
Issued in connection with the Plan of Arrangement <sup>(1)</sup>	27,896,018	7,005,084	-	-
Redeemed for Globex Redemption Note <sup>(2)</sup>	(27,896,018)	(7,005,084)	-	-
Balance, end of year	-	\$ -	-	\$ -

(1) The 27,896,018 Butterfly Shares were issued to Globex Common Shareholders at December 31, 2012. Each Globex Butterfly Shareholder transferred their Butterfly Shares to CIM and received one CIM common share for each Butterfly share.

(2) The Globex Butterfly Shares became an asset of CIM and were redeemed in exchange for a Globex Redemption Note having a principal amount and fair market value equal to the Globex Butterfly Shares.

### Shareholders' Rights Plan

On May 2, 2011, the shareholders approved a Shareholders' Rights Plan (the "2011 Plan"). The 2011 Plan replaces the plan adopted in 2008, which expired on March 19, 2011. The new plan will be in effect for three years.

The 2011 Plan is designed to provide shareholders and the Board of Directors with adequate time to consider and evaluate any unsolicited take-over bid made for Globex's common shares; provide the Board of Directors with adequate time to identify, develop and negotiate value-enhancing alternatives; encourage the fair and equal treatment of shareholders in connection with any take-over bid for Globex's common shares; and generally to prevent any person from acquiring ownership of or the right to vote more than 20% of Globex's common shares while the process undertaken by the Board of Directors is ongoing.

Pursuant to the 2011 Plan, rights were issued and attached to all outstanding common shares. A separate rights certificate will not be issued until the rights become exercisable. If a person acquires common shares in breach of the 2011 Plan, each right held by a shareholder, other than the acquiring person and its affiliates, associates and joint actors, will upon exercise and payment of the exercise price, entitle the holder of the right to purchase common shares from Globex with a total market value equal to twice the exercise price of the rights.

The 2011 Plan provides for permitted bids, which must be made from a take-over bid circular, and in addition to certain other specified conditions, must be for all of the outstanding common shares, other than common shares held by the acquiring person and its affiliates, associates and joint actors, and must remain open for acceptance by shareholders for at least 60 days from the date that the bid is made.

## 21. Share capital (Continued)

### Stock options

Under the Company's stock option plan (the "Plan"), the Board of Directors may, from time to time, grant stock options to directors, officers, employees of and service providers to, the Company and its subsidiaries. Stock options granted under the Plan may have a term of up to ten years, as determined by the Board of Directors at the time of granting the stock options. At December 31, 2012, 1,139,600 options may be granted in addition to the common share purchase options currently outstanding (December 31, 2011 - 319,600).

The following is a summary of option transactions under the Plan for the relevant periods:

	December 31, 2012		December 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance - beginning of year	2,112,900	\$ 1.39	2,713,500	\$ 0.94
Exercised <sup>(i)</sup>	(325,000)	0.33	(851,000)	0.32
Granted - Directors and employees	90,000	1.03	250,400	2.61
Granted - Service providers	50,000	1.39	-	-
Balance - end of year	1,927,900	\$ 1.55	2,112,900	\$ 1.39
Options exercisable	1,837,900	\$ 1.57	2,022,900	\$ 1.33

(i) March 8, 2012, 25,000 options were exercised at an option price of \$0.25 per share. Globex's shares closed at \$1.38 per share on that date.

September 18, 2012, Jack Stoch, President & CEO and a Director of Globex, exercised 75,000 options with a weighted average exercise price of \$0.34 per share. Globex's shares closed at \$1.09 per share on that date. On the same date, Dianne Stoch, Executive Vice-President and a Director of Globex, exercised 200,000 options at an exercise price of \$0.34.

October 16, 2012, 25,000 options were exercised at an exercise price of \$0.34 per share. Globex's shares closed at \$1.04 per share on that date.

The following table summarizes information regarding the stock options outstanding and exercisable as at December 31, 2012:

Range of prices	Number of options outstanding	Number of options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
0.75 - 0.88	510,000	510,000	2.73	\$ 0.79
1.00 - 1.51	934,200	844,200	1.84	1.17
1.65 - 1.75	90,000	90,000	2.58	1.73
2.75 - 4.45	393,700	393,700	3.46	3.42
	1,927,900	1,837,900	2.56	\$ 1.57

## 21. Share capital (Continued)

### Stock-based compensation and payments

The Company uses the fair value method for stock options granted to directors, officers, employees and non-employees. Accordingly, the fair value of the options at the date of grant is charged to operations, with an offsetting credit to contributed surplus, over vesting periods (which can vary from immediate vesting to 3 years). If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to capital stock. The Company granted 50,000 stock options to a service provider and 90,000 stock options to Directors during the year ending December 31, 2012 (December 31, 2011 - 250,400 options were granted).

In April 2012, the Board of Directors amended the 2006 Stock Option Plan so as to increase the number of shares that can be issued thereunder from 1,500,000 to 2,500,000. The amendment to the Plan was approved by shareholders on June 1, 2012 and on June 19, 2012 the Toronto Stock Exchange confirmed the receipt of the necessary documentation to approve the transaction. The amendments resulted in 1,129,600 options being available for future grants.

At December 31, 2012, 1,139,600 options (December 31, 2011 - 319,600) were available for grant under all option plans in addition to the common share purchase options currently outstanding.

In accordance with the Plan of Arrangement, all of the holders of Globex Stock Options outstanding at the Effective Date (December 29, 2012) disposed of their options in consideration of a Globex New Stock Option and a CIM stock option where the Optionee was qualified (Officer, Employee, Consultant, or Director) of the CIM stock option plan. All of the terms with the exception of the strike price remained unchanged.

The modified strike prices reflect the original price per share adjusted by the volume-weighted average trading price of the CIM shares during the first five days following listing on the TSXV (January 25, 2013 to January 31, 2013) and the weighted average trading price of the Globex New Common shares during the same period. The Exercise price proportion for the Globex New Share Options is 78.43% of the original exercise price or on a modified basis of \$1.22 per share.

Globex uses the Black-Scholes model to estimate fair value using the following weighted average assumptions:

	<b>December 31, 2012</b>	December 31, 2011
Expected dividend yield	<b>Nil</b>	Nil
Expected stock price volatility	<b>66.1%</b>	69.9%
Risk free interest rate	<b>1.20%</b>	2.27%
Expected life	<b>5 years</b>	5 years
Weighted average fair value of granted options	<b>\$0.60</b>	\$1.57

During the year ending December 31, 2012, the total expense related to stock-based compensation costs and payments amounting to \$98,939 has been recorded and presented separately in the statements of income and Comprehensive income (December 31, 2011 - \$355,694).

## 21. Share capital (Continued)

### Restricted Share Unit Plan

On April 11, 2012, the Board of Directors adopted a Restricted Share Unit Plan (the “RSU Plan”) for the Company’s executives and key employees, subject to regulatory approval. The RSU Plan is designed to attract and retain qualified individuals, to serve as executives and key employees of the Company and its subsidiaries and to promote the alignment of interests of such executives and key employees, on the one hand, and the shareholders of the Company, on the other hand. A maximum of 600,000 common shares may be issued from treasury under the RSU Plan.

Under the RSU Plan, from time-to-time, the Board of Directors may, in its sole discretion, upon the recommendation of the Compensation Committee after consultation with the Chief Executive Officer of the Company, may grant RSUs to executives and key employees in lieu of a bonus or other similar arrangements.

The RSU Plan was approved by the Shareholders on June 1, 2012 and subsequently on June 19, 2012, the TSX confirmed that it had listed and reserved 600,000 common shares of the Company for issuance under the Plan.

During this period, no shares have been issued under the RSU Plan.

## 22. Related party information

### Related party transactions - Duparquet Assets Ltd. - joint venture

On February 18, 2010, a Mining Option Agreement was signed between Globex and Jack Stoch Geoconsultant Services Limited (“GJSL”) (a company owned by Jack Stoch, president, CEO and director of Globex) as vendors, Duparquet Assets Ltd (“DAL”) and Xmet Inc. (“Xmet” and/or “Optionee”). The agreement relates to the Duquesne West Gold Property (20 claims) located in Duparquet and Destor townships, Quebec owned 50% by Globex and 50% by GJSL (acquired prior to listing of Globex in 1987) and GJSL’s 100% owned Ottoman Fault Property (40 claims). The Mining Option Agreement was amended on December 17, 2012. On February 16, 2010, DAL entered into a Joint Venture Agreement with GJSL and Globex which results in all proceeds from the Mining Option Agreement being shared equally between the vendors.

On March 2, 2012, Globex and GJSL entered into a Share Option Agreement (the “SOA”) pursuant to which Xmet may purchase all of the issued and outstanding preferred and common shares of DAL. The SOA was amended on May 14, 2012, August 8, 2012 and December 17, 2012. The SOA, as amended, provides for two scenarios under which Xmet may acquire all of the issued and outstanding common shares of DAL:

- (a) A cash payment of \$9 million payable no later than April 30, 2013; or
- (b) A cash payment of \$6.5 million payable no later than April 30, 2013, to immediately acquire a 75% of all the issued and outstanding common shares and 100% of the preferred shares of DAL, plus an additional option to acquire the remaining 25%, of all issued and outstanding common shares of DAL, for a period of four years, at a price of \$2.5 million in the first year, \$2.6 million in the second year, \$2.7 million in the third year and \$2.8 million in the fourth year.

In both cases, Globex and GJSL will retain the existing sliding scale Gross Metal Royalty from all production from the properties varying from 2% to 3% depending upon the price of gold at the time of production. Should Xmet Inc. not complete either of the above scenarios, then the existing mining option agreement, dated February 18, 2010, among Globex, GJSL, and Xmet will remain in place.



## 22. Related party information (Continued)

The following amounts are included in the consolidated financial statements as a result of the proportionate consolidation of DAL:

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
<b>Assets</b>			
Non-current assets	\$ 2,892	\$ 2,892	\$ 2,892
Due from Globex Mining Enterprises Inc.	<b>202,510</b>	172,525	132,108
Due from Jack Stoch Geoconsultant Services Limited	<b>4,553</b>	144,553	135,000
Current liabilities	\$ <b>63,332</b>	\$ 140,110	\$ 80,730
		<b>December 31, 2012</b>	December 31, 2011
Revenues		\$ <b>305,000</b>	\$ 50,000
Current Income Tax (Recovery)		<b>(58,237)</b>	(8,485)

After recording the consolidation adjustments, Globex has a liability to Jack Stoch Geoconsultant Services Limited of \$200,849 (December 31, 2011 - \$30,865; January 1, 2011 - \$25,000) representing option income received, but not allocated by Globex to DAL.

### Other related party transactions

All transactions are in the normal course of operations and are measured at the fair value, that is, the amount of consideration established and agreed to by the related parties which approximates the arm's length equivalent value.

During the year ending December 31, 2012, the Company received laboratory and test services from Drinkard Metalox Inc. a related party through its ownership interests in Worldwide Magnesium Corporation and its ability to exercise influence through technology license agreements which totaled US\$3,173 (December 31, 2011 - US\$92,039).

### Management compensation

The total compensation for the respective periods paid to directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company (Management personnel includes President and CEO, Executive Vice-President and Chief Financial Officer, Treasurer and Corporate Secretary) follows:

	<b>December 31, 2012</b>	December 31, 2011
<b>Salary cost</b>		
Salaries and other benefits	\$ <b>444,295</b>	\$ 457,253
Fair value of share-based compensation	-	243,288
	<b>\$ 444,295</b>	\$ 700,541

## 23. Supplementary cash flows information

### Changes in non-cash working capital items

	December 31, 2012	December 31, 2011
Accounts receivable	\$ (575,782)	\$ (112,901)
Refundable tax credit and mining duties	81,794	184,551
Prepaid expenses and deposits	27,792	(55,118)
Payables and accruals	357,778	104,436
	\$ (108,418)	\$ 120,968

### Non-cash financing and investing activities

	December 31, 2012	December 31, 2011
Transfer of contributed surplus to share capital on exercise of stock option	\$ 99,250	\$ 75,376
Share capital issuance for mineral properties acquisition	-	500,000
Refundable tax credit and mining duties	-	23,655

See note 21, Plan of Arrangement, Asset Transfer and Capital Reorganization Transactions for details related to non-cash transactions including:

- Issue of Globex Butterfly Shares;
- Conversion of Globex Butterfly Share to Globex Redemption Notes;
- Issue of CIM Redemption Shares;
- Conversion of Redemption shares to CIM Redemption Note;
- Offset of Globex Redemption Note and CIM Redemption Note.

## 24. Financial instruments

### Capital risk management

The Company manages its common shares, stock options and retained earnings (deficit) as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern while it pursues its objective of enhancing projects, properties or the development of properties to the benefit of all stakeholders. As a Canadian exploration company, its principal sources of funds consist of; (a) Option income on properties; (b) Metal royalty income; (c) Investment income; (d) proceeds from the issuance of common and flow-through shares and (e) other working capital items.

The Company manages the capital structure and makes adjustments to it in light of operating results in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company issues shares, enters into joint venture property arrangements or disposes of properties.

The Company's investment policy is to invest its cash in low risk highly liquid short-term interest-bearing instruments selected with a duration which is expected to align with the Company's planned expenditures.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Board of Directors. For capital management purposes, the Company has developed two objectives which are as follows:

## 24. Financial instruments (Continued)

- Retain cash and cash equivalents, cash reserved for exploration expenditures and accounts receivable which are equal to or greater than the committed exploration expenditures,
- Retain equity investments and debt instruments with a combined fair market value which are greater than twelve months of projected operating and administrative expenditures.

The Company may need additional capital resources to complete or carry out its exploration and development plans for the next twelve months.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2011.

The fair values of the Company's cash and cash equivalents, cash reserved for exploration, accounts receivable, accounts payable and accrued charges approximate their carrying values due to their short-term nature. The equity investments have been adjusted to reflect the fair market value at the period end based on quoted market rates.

### Financial risk management objectives

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, foreign exchange risk, and interest rate risk.

#### (a) Credit risk

The Company had cash and cash equivalents as well as cash reserved for exploration which totalled \$4,896,981 as at December 31, 2012 (December 31, 2011 - \$2,985,873). These funds are subject to a combination of the \$100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"): CDIC, a federal Crown Corporation as well as a guarantee of \$1,000,000 provided by the Canadian Investors Protection Fund ("CIPF").

The Company does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents are in place with major financial institutions.

The maximum exposure to credit risk was:

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Cash and cash equivalents	\$ 521,496	\$ 2,074,901	\$ 352,863
Cash reserved for exploration	4,375,485	910,972	1,969,672
Investments	637,267	2,202,066	2,870,071
Accounts receivable <sup>(i)</sup>	1,062,587	486,805	373,904
Refundable tax credit and mining duties	-	81,794	242,690
	<b>\$ 6,596,835</b>	<b>\$ 5,756,538</b>	<b>\$ 5,809,200</b>

- (i) Accounts receivable of \$1,062,587 (December 31, 2011 - \$486,805; January 1, 2011 - \$373,904) consist of trade receivables of \$229,363 (December 31, 2011 - \$50,622; January 1, 2011 - \$276,499), \$484,204 due from CIM (December 31 and January 1, 2011 - Nil) and taxes recoverable of \$349,020 (December 31, 2011 - \$405,318; January 1, 2011 - \$97,405). The trade receivables are secured by property interests.

## 24. Financial instruments (Continued)

### (b) Liquidity risk

Liquidity risk represents the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Company finances its exploration activities through flow-through shares, operating cash flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

Contractual maturities of financial liabilities are all under one year.

### (c) Equity market risk

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken by the Company.

The Company currently holds investments in a number of Optionee companies as well as a Canadian financial institution which are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets and currently these amount to \$637,267 (December 31, 2011 - \$2,202,066). Based on the balance outstanding at December 31, 2012, a 10% increase or decrease would impact income and loss by approximately \$63,000 (December 31, 2011 - \$220,000).

### (d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>December 31, 2012</b>	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Equity investments	\$ 434,767	\$ 202,500	\$ -	\$ 637,267
Reclamation bonds	-	119,256	-	119,256
<b>Total financial assets</b>	<b>\$ 434,767</b>	<b>\$ 321,756</b>	<b>\$ -</b>	<b>\$ 756,523</b>

There were no transfers between level 1 and level 2 during the year.

## 24. Financial instruments (Continued)

December 31, 2011	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Equity investments	\$ 514,566	\$ 1,687,500	\$ -	\$ 2,202,066
Reclamation bonds	-	121,680	-	121,680
Total financial assets	\$ 514,566	\$ 1,809,180	\$ -	\$ 2,323,746

There were no transfers between level 1 and level 2 during the year.

January 1, 2011	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Equity investments	\$ 2,070,506	\$ 799,565	\$ -	\$ 2,870,071
Reclamation bonds	-	118,990	-	118,990
Total financial assets	\$ 2,070,506	\$ 918,555	\$ -	\$ 2,989,061

There were no transfers between level 1 and level 2 during the year.

## 25. Commitments and contingencies

At year end, the Company had no outstanding commitments other than in the normal course of business other than its commitment to incur qualified exploration expenditures to meet its flow-through obligations as described in note 8. At this time, Management anticipates meeting that obligation and as a result, no additional disclosures are required.

## 26. Subsequent events

On January 22, 2012, the Chibougamau Independent Mines Inc. filed a Form 2B listing application which was accepted and the Corporation's shares began trading on the TSXV on January 25th, 2013.

## Schedule A - Mineral properties and deferred exploration expenses

Region		2011			2012			
		Balance January 1, 2011	Additions	Disposals, impairments, and recoveries	Balance December 31, 2011	Additions	Disposals, impairments, and recoveries	Balance December 31, 2012
Nova Scotia								
Other properties	Mineral property	\$ 42,356	\$ 10,689	\$ (22,631)	\$ 30,414	\$ -	\$ (11,557)	\$ 18,857
	Exploration	160,825	132,138	(33,950)	259,013	15,054	(149,177)	124,890
Ontario								
Deloro	Mineral property	25,424	21,500	-	46,924	-	-	46,924
	Exploration	2,770,540	1,221,737	-	3,992,277	1,080,672	-	5,072,949
Other properties	Mineral property	15,247	-	-	15,247	-	(14,400)	847
	Exploration	14,364	15,414	(7,900)	21,878	8,744	(8,521)	22,101
	Mineral property	40,671	21,500	-	62,171	-	(14,400)	47,771
	Exploration	2,784,904	1,237,151	(7,900)	4,014,155	1,089,416	(8,521)	5,095,050
Quebec								
Atwatter	Mineral property	156	-	-	156	34,963	-	35,119
	Exploration	611,495	439,327	-	1,050,822	425,751	-	1,476,573
Beauchastel & Rouyn	Mineral property	17,938	970	(75)	18,833	246	(490)	18,589
	Exploration	588,685	41,681	(242)	630,124	17,196	(18,723)	628,597
Cadillac	Mineral property	2,693,678	-	-	2,693,678	-	-	2,693,678
	Exploration	1,758,429	217,666	(8,339)	1,967,756	329,021	-	2,296,777
Chibougamau	Mineral property	63,232	-	-	63,232	(3,131)	(60,101)	-
	Exploration	44,398	-	-	44,398	221,615	(266,013)	-
Destor & Poularies	Mineral property	1,544	-	-	1,544	-	-	1,544
	Exploration	1,413,783	213,953	-	1,627,736	156,468	(24,127)	1,760,077
Dufresnoy, Vauze	Mineral property	572	400	-	972	-	-	972
	Exploration	404,205	2,634	-	406,839	54	(406,893)	-
Louvicourt	Mineral property	-	-	-	-	-	-	-
	Exploration	-	68,586	-	68,586	92,988	-	161,574
Malartic	Mineral property	192	-	-	192	-	-	192
	Exploration	446,242	2,192	-	448,434	5,491	-	453,925
Poirier & Joutel	Mineral property	2,208	2,000	-	4,208	-	(2,208)	2,000
	Exploration	221,212	34,165	(31,075)	224,302	2,124	-	226,426
Tavernier	Mineral property	4,115	-	-	4,115	-	-	4,115
	Exploration	260,385	235,012	-	495,397	157,054	-	652,451
Tiblemont	Mineral property	2,775	-	-	2,775	11,731	(104)	14,402
	Exploration	251,430	12,199	(5,274)	258,355	3,516	-	261,871
Tonnancour	Mineral property	3,042	-	-	3,042	2,704	-	5,746
	Exploration	427,930	509,312	-	937,242	97,988	-	1,035,230
Ungava Bay	Mineral property	-	-	-	-	-	-	-
	Exploration	-	1,146	(1,146)	-	148,951	-	148,951
Other properties	Mineral property	34,557	692,888	(563,262)	164,183	90,331	(51,568)	202,946
	Exploration	434,070	727,425	(374,038)	787,457	275,146	(416,264)	646,339
Less: Quebec refundable tax credits								
	Exploration	(1,443,307)	-	-	(1,443,307)	-	-	(1,443,307)
	Mineral property	2,824,009	696,258	(563,337)	2,956,930	136,844	(114,471)	2,979,303
	Exploration	5,418,957	2,505,298	(420,114)	7,504,141	1,933,363	(1,132,020)	8,305,484
Other regions								
	Mineral property	-	-	-	-	-	-	-
	Exploration	17,541	129,678	(17,044)	130,175	20,412	(11,492)	139,095
Total mineral properties		\$ 2,907,036	\$ 728,447	\$ (585,968)	\$ 3,049,515	\$ 136,844	\$ (140,428)	\$ 3,045,931
Total exploration		\$ 8,382,227	\$ 4,004,265	\$ (479,008)	\$ 11,907,484	\$ 3,058,245	\$ (1,301,210)	\$ 13,664,519

# CORPORATE INFORMATION

## Board of Directors

Jack Stoch  
Director  
Toronto, Ontario Canada

Dianne Stoch  
Director  
Toronto, Ontario Canada

## Independent Directors

Ian Atkinson <sup>(1) (2) (3)</sup>  
Director  
Toronto, Ontario Canada

Chris Bryan <sup>(1) (2) (3)</sup>  
Director  
Cambridge, Ontario Canada

Joel D. Schneyer <sup>(1) (2) (3)</sup>  
Director  
Parker, Colorado USA

- <sup>(1)</sup> Member of the Audit Committee  
<sup>(2)</sup> Member of the Corporate Governance Committee  
<sup>(3)</sup> Member of the Compensation Committee

## Stock Exchange Listings

**Canada** - Trading Symbol: **GMX**  
Toronto Stock Exchange

**Germany** - Trading Symbol: **G1M**  
Frankfurt Stock Exchange  
Berlin Stock Exchange  
Munich Stock Exchange  
Stuttgart Stock Exchange  
Xetra Stock Exchange

**USA** - Trading Symbol: **GLBXF**  
OTCQX International

**SEC - Rule 12g3 - 2(b)**  
Foreign Private Issue

**CUSIP No. 379900 10 3**

## Officers

Jack Stoch  
President and Chief Executive Officer

James Wilson  
Chief Financial Officer, Treasurer and Corporate Secretary

Dianne Stoch  
Executive Vice President

## Auditors

Deloitte s.e.n.c.r.l. "Comptables Professionnels agréés"  
Rouyn-Noranda, Quebec Canada

## Legal Counsel

Heenan Blaikie LLP  
Montreal, Quebec Canada

## Transfer Agent & Registrar

Computershare Trust Company of Canada  
Montreal, Quebec Canada

## Head Office

Globex Mining Enterprises Inc.  
86, 14<sup>th</sup> Street  
Rouyn-Noranda, Quebec  
J9X 2J1 Canada  
Telephone: 819.797.5242  
Fax: 819.797.1470  
info@globexmining.com  
www.globexmining.com

## Annual Meeting of Shareholders

June 17, 2013 at 9:30 a.m.  
The Offices of the Company  
86, 14<sup>th</sup> Street  
Rouyn-Noranda, Quebec Canada