



## **INTERIM REPORT**

**SIX MONTHS ENDED JUNE 30, 2013  
(UNAUDITED)**

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

### **STATEMENT CONCERNING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Management has compiled the unaudited interim condensed consolidated financial report as of June 30, 2013 and 2012. The statements have not been audited or reviewed by the Company's auditors or any other firm of chartered accountants.

## **Table of Contents**

Interim Management Discussion and Analysis.....	1
Interim Condensed Consolidated Financial Statements.....	21
Notes to the Interim Condensed Consolidated Financial Statements .....	25

# Management’s Discussion and Analysis

## For the three month period and six month period ended June 30, 2013

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 July 26, 2013 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three month period and six month period ended June 30, 2013. This discussion should also 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.

### Table of contents

Overview.....	1
Corporate focus.....	2
Highlights for the period.....	3
Forward-looking statements.....	3
Exploration activities and mining properties.....	3
Timmins Talc-Magnesite project.....	4
Quebec projects.....	6
Qualified person.....	7
Optioned properties.....	7
Summary of quarterly results.....	9
Financial position.....	12
Financial instruments and risk management.....	14
Outstanding share data.....	16
Risks and uncertainties.....	17
Related party transactions.....	18
Disclosure controls and procedures.....	19
Internal control over financial reporting (ICFR).....	19
Outlook.....	20
Additional information.....	20
Authorization.....	20

### 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.

Globex 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.

## Corporate focus

### Overall Business Model

Globex 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.

Optioning exploration properties allows Globex to manage its extensive mineral property portfolio. This strategy enables the Company to conserve cash, it also generates current income, ensures properties are being explored while securing an interest in any future production.

The term Option as it relates to Globex properties generally means: *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.

### Impact of Current Market Conditions

On an ongoing basis, Globex monitors the short-term and longer term pricing trends for precious and base metals. It also closely monitors the talc and magnesia markets along with the relevant related market and economic trends. It is currently monitoring decelerating economic growth rates in the U.S., Europe and China, and the reduced demand resulting in the decline of commodity prices. All of these factors are reflected in the development of the Company's exploration strategies and work programs.

During the last year, as investors have become more risk averse, Globex has seen the share value of many large producers significantly decline and junior mining companies share prices decimated. This impact has been reflected in the decline of our share price, the reduced value of our equity investments and the challenges that Globex faces in entering into new Option arrangements. We have also seen that the announcement of exploration success is not rewarded by an increase in share values. Globex believes that this situation could continue for an extended period.

To successfully operate within this reordered business environment, Globex has sharpened its liquidity focus and has been forced to make some difficult administrative choices while at the same time advancing our exploration activities. We have also made determined efforts to work effectively with our Option Partners and therefore preserve property values. We are currently pursuing a number of opportunities to provide liquidity to the Company. These include; private placements of common shares, monetizing a number of assets through outright sales and or secure funds under a debt arrangement.

### Longer-Term Business Focus

In the longer-term, the Company is focused on:

- Advancing the Timmins Talc-Magnesite project to pre-feasibility;
- Undertaking targeted explorations on the Quebec projects to satisfy the Company's flow-through obligations;
- Pursuing ongoing business activities such as:
  - Sales and optioning of properties;

- Additional targeted exploration programs; and
- Identification of acquisition opportunities.

## Highlights for the period

- The Company reported net income and comprehensive income \$358,299 (2012 – loss of \$713,403) for the three month period ended June 30, 2013 and \$47,771 (2012 – loss of \$1,337,594) for the six month period.
- Revenues were \$462,500 (2012 - \$255,006) for the three month period ended June 30, 2013 and \$603,022 (2012 - \$533,017) for the six month period. The 2013 second quarter revenues include \$350,000 from the sale of properties to CIM and option income of \$112,500. The reduction in option income reflects the significant challenges that junior mining companies currently face in arranging financing to enter option arrangements with Globex.
- Exploration expenditures for the quarter totalled \$894,817 (2012 - \$665,245) and for the six month period ended June 30, 2013, totalled \$1,972,891 (2012 - \$1,058,522). During the first six months of 2013, \$1,351,936 was spent on the TTM project. The major elements of the expenditures consisted of; (a) labour and drilling costs of \$528,558 related to the infill and geotechnical drilling program, (b) consulting and geologist costs of \$305,903 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) laboratory analysis of \$343,224 as well as (d) other costs of \$174,251.
- During the six month period, \$620,730 of exploration expenditures were incurred on Quebec projects. At June 30, 2013, the Company had \$2,244,021 of flow-through funds to spend prior to December 31, 2013.

## 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 first six months of 2013 totalled \$1,972,891 (2012 - \$1,058,522) which includes eligible flow-through expenditures of \$1,866,682 and non-flow through expenditures of \$106,209. During the period ended June 30, 2013, 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	\$ 1,351,936	68.5%
• Other projects	-	- %
	<b>1,351,936</b>	<b>68.5%</b>
<b>Quebec</b>		
• Lyndhurst (Destor)	18,537	0.9%
• Smith Zulapa (Tiblemont Twp)	128,038	6.5%
• Tavernier-Tiblemont (Tavernier)	88,634	4.5%
• Turner Falls Rare Earth Property (REE) (Villedieu)	101,821	5.2%
• Wood-Pandora Project (Cadillac)	103,863	5.3%
• Other projects	76,683	3.9%
• Quebec general exploration	103,154	5.2%
	<b>620,730</b>	<b>31.5%</b>
<b>Other regions</b>		
• Nova Scotia	225	- %
• New Brunswick	-	-%
• Other	-	-%
<b>Total exploration expenditures</b>	<b>\$ 1,972,891</b>	<b>100.0%</b>

**Table 1**

**Note:**

1. The exploration expenditures represent the most significant project expenditures. The regional and other project expenditures have been also included for ease of reference when comparing to the reported amounts as shown in note 13 to the June 30, 2013 Condensed Consolidated Financial Statements.

On an ongoing basis, the Company monitors changes in the economic environment and commodity prices considers these factors when developing work programs for the individual projects. This input along with future work requirements are also input to the assessment of the carrying value of deferred exploration expenditures. During the first six months of 2013, no additional information has come to management's attention which would result in the recognition of any additional impairment provisions on any of the Company's exploration projects.

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

The Timmins Talc-Magnesite ("TTM") project is held under an agreement with Drinkard Metalox Inc. ("Drinkard"), with the project owned 90% by Globex and 10% by 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.

As announced in a Press Release on December 3, 2012, the Company started a drill program, which consisted of approximately 46 drill holes totalling 7,000 metres which was 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 geotechnical studies in order to facilitate design of the open pit.

During the first six months of 2013, Globex spent \$1,351,936 (68.5% of total exploration expenditures) on this project to complete 51 infill and zone extension drill holes. The major elements of the expenditures consisted of; (a) labour and drilling costs of \$528,558 related to the infill and geotechnical drilling program, (b) consulting and geologist costs of \$305,903 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) laboratory analysis of \$343,224 as well as (d) other costs of \$174,251.

To date, Globex has completed; (a) ground-based geophysical (magnetometer, VLF-EM induced polarization and resistivity survey investigations, (b) laboratory metallurgical tests, (c) a mini pilot plant study, (d) an internal Scoping Study, (e) diamond drilling and assaying, (f) mineralogical studies, and (g) several NI 43-101 compliant reports that are available on SEDAR ([www.sedar.com](http://www.sedar.com)) outline the project's current resource estimate and provide a preliminary economic assessment (PEA).

Environmental baseline studies are ongoing including surface and ground water quality monitoring. Other baseline studies completed include; terrestrial habitat, hydrogeology, acid rock drainage characterization, aquatic habitat, hydrology and surface water monitoring, benthic, hydrogeology and ground water monitoring, and archaeology. Consultations with stakeholder groups including First Nations, Metis, and the community have been initiated.

Globex has received, and continues to receive, expressions of interest from strategic buyers interested in offtake supply contracts for magnesium oxide and talc. Market validation samples have been produced and supplied to several potential customers for evaluation. Testwork of the samples, indicate that all samples reported have been approved for the intended applications.

Recently, Globex received authorization from the Ontario Ministry of Northern Development and Mines allowing it to make an application for a lease under the Mining Act. The application has been filed. A lease grants us title and ownership to the mineral deposit, permits the extracting and sale of extracted resources, and removes the requirement to perform yearly assessment work. To maintain a lease, rent must be paid annually. A lease expires every 21 years unless it is renewed. Globex owns the surface rights patents covering the envisioned mining area.

#### Current National Instrument 43-101 Technical Reports

On March 2, 2010, Globex received Micon's NI 43-101 Technical Report providing Mineral Resource Estimates of the Timmins Talc-Magnesite Deposit. The following resource tonnages and grades were outlined;

#### 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

## 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 press release commented that the PEA reflected the inputs of Globex’s team of consultants in collaboration with Jacobs Minerals Canada (“Jacobs”) and Micon International Limited (“Micon”). The full PEA report was filed on SEDAR on April 17, 2012.

Based on the previous mineral resource estimate and a mining rate used in the PEA of 500,000 tonnes per annum, the proposed mine has an identified 60-year mine life within the A zone investigated by diamond drilling during the period of 1999-2008. Additional infill diamond drilling was completed during the period of December 2012 to March 2013. Analytical results of sampling collected from cut cores of this work are still currently being received. The Company plans to update the resource calculation.

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 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. During 2013, the Company continued the consultation process.

## Quebec projects

In 2012, Globex incurred exploration expenditures of \$1,933,363 on its Quebec projects. These expenditures related to major activities on; (a) Hematite Lake Property, (b) Lyndhurst property, (c) Tavernier-Tiblemont property, (d) Turner Falls property, and (e) Wood-Pandora property. At December 31, 2012, the Company had \$3,039,040, Cash Reserved for Exploration on Quebec properties.

On February 18, 2013, in a Press Release Globex outlined the results of successful exploration programs in 2012 and indicated plans for 2013. On June 19, 2013, in a Press Release, Globex provided a further update and outlined the plans for the remainder of 2013 for its Quebec projects. This update also includes references to preliminary results of recent activities.

During the first six months of 2013, the Company incurred \$620,730 on Quebec projects. The planned activities for 2013 which are a follow up on the 2012 field activities include the following:

- **Lyndhurst property** – Several deep drill targets totaling 500 to 3,000 metres of drilling, have been selected to be undertaken in the second half of 2013 on this VMS copper property.
- **Smith-Zulapa** – a 4-hole 1,465 metre drill program was recently completed on the Smith gold zone. Assay results from this program are pending.
- **Tavernier-Tiblemont property** - mapping, prospecting and drill hole spotting were completed in the first half of the year in anticipation of drilling of numerous gold prospects where newly defined structural gold targets have been generated from a successful, high resolution magnetic/VLF 2012 airborne survey. The program also includes selective diamond drilling to locate inferred extensions of several known Cu/Zn/Au occurrences in the eastern portion of the property. A total of 14 drill targets for an anticipated 3,500 of drilling has been selected.



- **Turner Falls property** – detailed mapping/sampling and prospecting were completed to guide the next round of diamond drilling aimed at tracing out the high grade REE surface showing previously identified by Globex.
- **Wood-Pandora property** – Globex's highest priority gold property located several km west of the producing Agnico Eagle's Lapa gold mine. A large, systematic drill program of 18 holes totaling 10,700 metres of drilling commenced in June targeting high grade gold mineralization along a 3.5km strike length of the prolific Cadillac Break. Two holes were completed by June 30<sup>th</sup> and drilling progresses steadily with two drill rigs on site.
- Globex's continues with its data review assessing the merits of potential deep stratigraphic to test for high grade VMS mineralization at the past producing Cu/Zn Joutel and Poirier VMS properties. This work is planned for the second half of 2013.

## 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:

### Xmet Inc.

- As previously reported, during 2012, Xmet ("Xmet") Inc. was active in acquiring claims which are immediately adjacent to its flagship Duquesne-Ottoman Property in the Province of Quebec. We also reported that despite all of the significant progress on the properties Xmet was not able to raise sufficient funds required to buy out Globex's interest in the Duquesne West property. Considering the good work and the current market conditions related to Junior Mining financings, Globex had extended the share option agreement.
- On July 3, 2013, Xmet announced the expiration of its agreement to purchase the 75% interest in the Duquesne Ottoman project as the Duquesne acquisition were not financeable in the current junior resource market.

### Viking Gold Exploration Inc.

- Viking Gold Exploration Inc. has completed an initial 13 hole drill program on seven claims optioned from Globex located in Guyenne Township, Quebec. Numerous intersections of gold were reported up to 5.29 g/t Au over 3 metres. See Viking press release dated February 11, 2013.

### Mag Copper Limited

- Mag Copper Limited has recently completed a number of internal management and board level changes. They also sold a property for \$200,000 and made the April 30, 2013 Option Payment of \$100,000 to Globex. Globex Management understands that they have undertaken a number of activities to advance the Magusi River Copper/Zinc/Gold/Silver Deposit which they have optioned from Globex towards production.

### Rocmec Mining Inc.

- 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.

- Further news from Rocmec on April 9<sup>th</sup> and May 23<sup>rd</sup>, 2013, outlined a change of control of Rocmec and a loan from Nippon Dragon Resource which will be used among other things to put the Rocmec 1 (Russian Kid) gold deposit into production. Gold holds a 5% Net Metal Royalty (NMR) on the first 25,000 ounces of gold produced from the property and a 3% NMR on all other production thereafter.

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 the first six months of 2013, the Company spent \$40,323 (2012 - \$38,159) 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

#### Net option income June 30, 2013

Property, Agreements Summary	Net Option Income	Recovery of Property Acquisition	Recovery of Exploration Expenditures
<b>Sales and Options</b>			
<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, expired April 30, 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>Chibougamau Independent Mines Inc.</b>	<b>350,000</b>	-	-
<ul style="list-style-type: none"> <li>• May 9, 2013, Globex sold major claims blocks adjacent to the Grandroy and Berrigan deposits for cash and a GMR of 2%.</li> </ul>			
<b>Option and sale payments under Agreements from prior years</b>			
<ul style="list-style-type: none"> <li>• Sementiou Inc., Duvernay Township, Quebec</li> <li>• Integra Gold Corp, Farquharson Property<sup>1,2</sup></li> <li>• Mag Copper Limited, Fabie Bay/Magusi Property</li> <li>• Knick Explorations, Raymor Property</li> </ul>	<p style="text-align: right;">10,000 36,000 100,000 12,500</p>	-	-
	<b>\$ 533,500</b>	-	-
Q1 - 2013	<b>\$ 71,000</b>	-	-
Q2 - 2013	<b>462,500</b>	-	-
	<b>\$ 533,500</b>		

#### Notes:

1. Property was renamed by Integra Gold Corp. to the Donald Property.
2. On January 30, 2013, 50,000 Integra Gold Corp. shares were received and reflected at fair value as option income of \$11,000 (\$0.22 per share).

During the six month period ended June 30, 2013, the Company generated net option income of \$533,500 (2012 - \$310,790). The net option income consisted of cash of \$522,500 (2012 - \$255,790) and Integra Gold shares with a fair value on receipt of \$11,000 (2012 - \$55,000) with a recovery of property and exploration costs of - \$Nil (2012 - \$44,210).

The net option income of \$533,500 is higher than the prior year mainly as a result of sale of properties near the Grandroy and Berrigan Deposits to CIM for \$350,000 and a 2% GMR. These properties were acquired by Globex after the Plan of Arrangement had been approved.

Globex continues to face difficulties optioning properties as a result of the challenges that Junior Mining Companies currently are facing financing their projects.

## 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 Optionee's related to the various properties.

## Summary of significant accounting policies

The interim condensed consolidated financial statements for the three months and six months ended June 30, 2013 have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2012 with the exception that the Company has adopted IFRS 10 - Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 – Disclosure of Involvement with Other Entities; and IFRS 13 – Fair value measurement as these standards had an effective date of on or after January 1, 2013.

Note 3 (a) Summary of significant accounting policies describe the various standards and include a table which illustrates the impact of the previously reported amounts. The reported amounts in the Summary of quarterly results for 2012 have been adjusted to reflect the impact of these revised accounting standards. IFRS 11, resulted in Globex accounting for its interest in the Duparquet Assets Ltd joint venture on an equity basis rather than reflecting the assets, liabilities, revenues and expenses on a proportionate consolidation basis.

## Summary of quarterly results

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

	2013		2012 (Unaudited) (Restated, Note 3)				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenues	\$ 462,500	\$ 140,522	\$ 302,916	\$ 48,721	\$ 255,006	\$ 278,011	\$ 436,692	\$ 448,685
Total expenses	455,060	530,752	1,190,820	560,154	566,695	653,334	774,230	611,214
Other income (expenses)	194,883	(7,143)	5,826,784	(384,926)	(426,418)	(315,048)	(71,924)	70,809
Income (loss) <sup>(1)</sup>	358,299	(310,528)	4,952,406	(672,135)	(713,403)	(624,191)	(346,571)	219,198
Income (loss) per common share								
- Basic and diluted	0.01	(0.01)	0.21	(0.03)	(0.03)	(0.03)	(0.01)	0.01

Note:

1. Attributable to common shareholders of the Company.

The income of \$358,299 in the second quarter ended June 30, 2013 compares to a loss of \$310,528 in the first quarter ended March 31, 2013. In the second quarter of 2013, the Company recorded revenues of \$462,500 which include revenues of \$350,000 related to the sale of properties to CIM. The Company recorded a recovery of income and mining taxes of \$155,976 (2012 - \$24,704).

The loss in the first quarter ended March 31, 2013 of \$310,528 compares to the income of \$4,952,406 in the quarter ended December 31, 2012. In the fourth quarter of 2012, the Company recorded a gain on spin-out of assets to CIM.

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 \$69,466 in the fourth quarter of 2011. 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 reduced income is mainly a result of lower 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.

## **Results of operations for the three month and six month periods ended June 30, 2013**

### **Revenues**

During the three month period ended June 30, 2013, revenues of \$462,500 were \$207,494 higher than the \$255,006 reported in the comparable period in 2012. The Company recognized net option income of \$462,500 as compared to \$197,788 in the comparative period. The increase in 2013 is a result of the sale of properties to CIM for \$350,000 on May 9, 2013.

During the six month period ended June 30, 2013, revenues totalled \$603,022 which was \$70,005 higher than the \$533,017 reported in the comparable period in 2012.

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

During the three month period ended June 30, 2013, the Company recorded non metal royalty income as compared to \$57,218 in the comparable period in 2012 as the Zinc price averaged U.S. \$0.83 per pound which is below the payment threshold.

During the six month period ended June 30, 2013, the Company earned metal royalty income of CA \$69,522 as compared to CA \$222,227 in the comparable period in 2012. The difference in revenues is a result of the lower zinc prices in 2013 which averaged U.S. \$0.87 per pound (2012- U.S. \$0.89).

### **Total expenses**

In the second quarter of 2013, the total expenses were \$455,060 compared to \$566,695 in 2012. The decrease of \$111,635 mainly reflects a reduction in salary costs, administrative costs and professional fees.

During the six month period ended June 30, 2012, the total expenses were \$985,812 as compared to \$1,220,029 in the comparable period ended June 30, 2012. The reduction of \$234,217 reflects lower salary costs of \$89,681, lower administrative expense of \$46,097 (including conventions and meetings) as well as a reduction in professional fees and outside services of \$40,572 as well as other expenses of \$57,867.

### **Salary**

- The decrease in salaries of \$60,914 from \$209,798 in the quarter ended June 30, 2012 to \$148,884 in the period ended June 30, 2013 reflects in marketing staff and a reduction in executive compensation. The reduction in the salary costs from \$422,059 in the six month period ended June 30, 2012 to \$332,378 in the six month period ended June 30, 2013 is also a result of the explanations outlined above.

### **Administration**

- During the three month period ended June 30, 2013, the administration expenses totalled \$119,302 as compared to \$142,317 in the comparable period in 2012.
- During the six month period ended June 30, 2013, the administration expenses totalled \$243,373 as compared to \$289,470 in the comparable period last year. The decrease of \$46,097 mainly represents a reduction in office costs of \$20,870 and a reduction in convention and meeting costs of \$34,476 and the offsetting impact of other increases of \$9,249 in other administrative expenses.

### **Professional fees and outside services**

- For the three month period ended June 30, 2013, the professional fees and outside services totalled \$108,783 which represents a decrease of \$46,977 from the same three month period in 2012.
- During the six month period ended June 30, 2013, professional fees and outside services totalled \$237,187 as compared to \$277,759 in the comparable period, representing a decrease of \$40,572.

### **Depreciation and amortization**

- The depreciation and amortization expense for the three month period ended June 30, 2013 totalled \$16,747 as compared to \$11,978 and the depreciation and amortization expense for the six month period ended June 30, 2013 was \$33,220 as compared to \$24,280 in 2012. The increase in the three month and six month periods reflects acquisitions in the later portion of the year 2012.

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

- For the three period ended June 30, 2013, the total share-based compensation and payments amounted to \$15,050 (June 30, 2012 – nil). The expense represents the amortization of options granted to Directors.
- During the six month period ended June 30, 2013, 90,000 options were granted to Directors and 50,000 options were granted to a service providers (June 30, 2012 - 50,000 options). These options had a weighted average fair value of \$0.30 per option granted (2012 - \$0.77 per option granted). The lower average value of the 2013 option grants is the major factor which explains the reduction in the share based compensation and

payments expense from \$76,118 in 2012 to \$52,350 in the six month period ended June 30, 2013.

#### **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 provision of \$56,486 in the three month period ended June 30, 2013 is consistent with the expense of \$57,283 in the comparable period last year.
- During the six month period ended June 30, 2013, the Company recorded a provision of \$103,153 which is marginally lower than the \$133,819 reported in the comparable in 2012.

#### **Other income (expenses)**

- Other income (expenses) reflects interest income, joint venture income, the increase (decrease) in fair value of financial assets, management services including administrative, compliance, corporate secretarial, risk management support and advisory services provided to CIM during 2013.
- During the three month period ended June 30, 2013, the company recorded overall other income of \$194,883 as compared to expenses of \$426,418 in the comparable period in 2012. The difference between the results in the respective periods is a mainly result of the company recording an increase in the fair value of financial assets in 2013 of \$43,574 compared to a loss of \$520,253 in the comparable period in 2012. In addition in 2013, the Company recorded Management services income of \$126,000 (2012 – Nil).
- In the six month period ended June 30, 2013, the company reported other income of \$187,740 as compared to an expense of \$741,466 in the comparable period in 2012. The difference is mainly a result of a reduction in the decrease in the fair value of financial assets of \$793,575 (2013 - \$96,925; 2012 - \$890,500), Management services income of \$252,000 (2012 – Nil) and joint venture income.

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

- An income and mining tax recovery of \$155,976 for the three month period ended June 30, 2013 has been recorded as compared to a recovery of \$24,704 in the comparable period in 2012.
- During the six month period ended June 30, 2013, a recovery of \$242,821 as compared to a recovery of \$90,884 in the comparable period in 2012 has been recorded. The overall recovery in 2013 reflects the combined impact of; (a) a current tax recovery of \$15,769 (June 30, 2012 - expense of \$420) and (b) a provision of deferred income tax and mining duties of \$126,630 (June 30, 2012 - \$103,262) and a recovery of income and mining taxes related to flow through share benefits renounced of \$353,682 (June 30, 2012 - \$194,566).
- 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 - June 30, 2013**

#### **Total assets**

The decrease in the total assets of \$1,427,270 from \$24,235,500 at December 31, 2012 to \$22,808,230 at June 30, 2013 reflects the combined decrease in cash and cash equivalents, cash reserved for exploration, investments and accounts receivable of \$3,309,766 offset by an increase in deferred explorations expenditures of \$1,869,738 and other assets of \$12,758.

Cash and cash equivalents as well as investments totalled \$769,767 (December 31, 2012 - \$1,158,763) representing 3.4% of the total assets. Cash reserved for exploration totalled \$2,244,021 representing unspent exploration funds raised late in 2012.

At June 30, 2013, deferred exploration expenses totalled \$15,534,257 (December 31, 2012 - \$13,664,519) an increase of \$1,869,738.

### **Total liabilities**

At June 30, 2013, the current liabilities were \$813,192 as compared to \$1,988,871 at December 31, 2012. The decrease reflects a reduction in year-end balances as well as a decrease in the dividend payable to CIM.

The other liabilities which represent the excess of the fair value of proceeds received from the issuance of flow-through shares was \$482,462 at June 30, 2013 (December 31, 2012 - \$836,144). The decrease reflects the impact of eligible exploration expenditures of \$1,866,682.

### **Deferred tax liabilities**

Deferred tax liabilities were reported as \$3,473,056 at June 30, 2013 as compared to \$3,346,423 at December 31, 2012. 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 \$17,758,562 (December 31, 2012 - \$17,658,441). The change reflects the impact of the loss attributable to shareholders and share-based compensation and payments. Details of the changes are provided in the Interim Condensed Consolidated Statement of Equity.

### **Share capital**

At June 30, 2013, the share capital of the Company totalled \$48,278,353 (December 31, 2012 - \$48,278,353) representing 27,896,018 (December 31, 2012 27,896,018) common shares outstanding.

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

At June 30, 2013, the Company had cash and cash equivalents of \$291,328 (December 31, 2012 - \$521,496) and cash reserved for exploration of \$2,244,021 (December 31, 2012 - \$4,375,485). Investments of \$478,439 (December 31, 2012 - \$637,267) mainly reflect shares, recorded at fair value, in optionee companies received as consideration under mining option agreements.

At June 30, 2013, the Company's working capital (based on current assets minus current liabilities) was \$2,576,343 (December 31, 2012 - \$4,710,430). The Company believes that based on the current cash and working capital position and its access to liquidity sources, 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 six month period ended June 30, 2013, the operating activities used \$220,459 (June 30, 2012 - \$368,799) and financing activities were Nil (June 30, 2012 - \$1,220,752).

Investing activities in the first six months of 2013 used \$2,141,173 (June 30, 2012 - \$869,408). Investments included the acquisition of deferred exploration expenses of \$1,972,891 (2012 - \$1,058,522), mineral properties of \$40,323 (2012 - \$38,159) and properties, plant and equipment of \$3,296 (2012 - \$6,922).

The operating, financing, and investing activities for the period ended June 30, 2013 resulted in a net decrease in cash and cash equivalents of \$2,361,632 (June 30, 2012 - \$17,455).

## **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 will 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 currently actively pursuing a number of options including option and sale of properties as well as other financing activities.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2012.



## 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 \$2,535,349 at June 30, 2013 (December 31, 2012 - \$4,896,981). 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:

	June 30, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents	\$ 291,328	\$ 521,496	\$ 2,074,901
Cash reserved for exploration expenses	2,244,021	4,375,485	910,972
Investments	478,439	637,267	2,202,066
Accounts receivable <sup>(i)</sup>	235,004	1,062,587	486,805
Refundable tax credit and mining duties	-	-	81,794
	<b>\$ 3,248,792</b>	<b>\$ 6,596,835</b>	<b>\$ 5,756,538</b>

- (i) Accounts receivable of \$235,004 (December 31, 2012 - \$1,062,587; January 1, 2012 - \$486,805) consist of trade receivables of \$118,994 (December 31, 2012 - \$229,363; January 1, 2012 - \$50,622), due from CIM – Nil (December 31, 2012 - \$484,204; January 1, 2012 - Nil) and taxes recoverable of \$116,010 (December 31, 2012 - \$349,020; January 1, 2012 - \$405,318). 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 \$478,439 (December 31, 2012 - \$637,267). Based on the balances at June 30, 2013, a 10% increase or decrease would impact Income and Loss by approximately \$48,000 (December 31, 2012 - \$63,000).

#### (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).

<b>June 30, 2013</b>		Level 1	Level 2	Level 3	Total Financial Assets at fair value
Financial assets					
Equity investments	\$	348,842	\$ 129,597	\$ -	\$ 478,439
Reclamation bonds		-	121,616	-	121,616
	\$	348,842	\$ 251,213	\$ -	\$ 600,055

There were no transfers between level 1 and level 2 in the period. The fair value of the level 2 equity investments represents Globex's 8,639,800 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.

<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
	\$	434,767	\$ 321,756	\$ -	\$ 756,523

There were no transfers between level 1 and level 2 in the period.

<b>January 1, 2012</b>		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
	\$	514,566	\$ 1,809,180	\$ -	\$ 2,323,746

There were no transfers between level 1 and level 2 in the period.

#### Outstanding share data

At June 30, 2013, the Company had 27,896,018 common shares issued and outstanding (December 31, 2012 - 27,896,018) and 2,000,400 (December 31, 2012 - 1,927,900) stock options were outstanding for a fully diluted common share capital of 29,896,418 (December 31, 2012 - 29,823,918).

At December 31, 2012, 1,139,600 options were available to be granted and on February 1, 2013, 50,000 options were granted to a consultant at an exercise price of \$1.40 per share and vested immediately. On April 22, 2013, 90,000 options were granted to the three independent directors. During the six month period, 67,500 options expired. As a result, there were 2,000,400 options outstanding at June 30, 2013 and 1,067,100 options available for future grants. Based on 27,896,018 common shares outstanding and 2,000,400 options outstanding, the fully diluted common share capital was 29,896,418.

## 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.

After several months of deliberations and uncertainty, the Québec Government has announced changes to its mining tax regime. The changes include increases to mine royalties and taxes on profits. These changes could adversely, affect the profitability of any potential mining operations and therefore will impact Globex's option potentials.

The Quebec government is also considering changes to the mining laws which would make it more difficult and more expensive to maintain mineral titles. It is too early to know precisely the impact of these changes, but Globex will continue to monitor the proposals.

**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 information**

### **Chibougamau Independent Mines Inc.**

CIM is considered a related party as Globex Management consisting of the President and CEO, Executive Vice-President and Chief Financial Officer hold the same positions with both entities. In addition, the President and CEO holds a significant number of common shares of both organizations and therefore can significantly influence the operations of both entities. Currently, the Corporation is dependent upon management services provided by Globex Mining Enterprises Inc. as described below.

### **Management Services**

On December 29, 2012, Globex entered into a Management Services Agreement with CIM under which the Company will provide management services including administrative, compliance, corporate secretarial, risk management support and advisory services to CIM during 2013.

Management services income of \$126,000 (2012 – Nil) for the three month and \$252,000 (2012 – Nil) for the six month period ended June 30, 2012 represent Globex's estimate of the specific costs related to performing these services plus a mark-up in accordance with the Management Services Agreement.

### **Property Sale**

On May 9, 2013, Globex sold three major blocks of claims to CIM for a cash payment of \$350,000 and a 2% Gross Metal Royalty. The claim blocks are located in the Chibougamau Mining Camp ((a) Grandroy orebody area and, (b) Berrigan deposit). These claims were acquired by Globex after the Spin-Out and therefore had not been included in the Plan of Arrangement. The properties were sold based on the fair market value derived from properties of similar size and exploration stage.

### **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 Limited ("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 could purchase all of the issued and outstanding preferred and common shares of DAL. The SOA was amended on three different dates in 2012 and on April 25, 2013. This option was terminated on July 3, 2013 as Xmet concluded that the option was not financeable in the current junior resource market.

## 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:

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Salary cost				
Salaries and other benefits	\$ 101,418	\$ 117,378	\$ 211,849	\$ 234,757

## 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 June 30, 2013. Based on that evaluation, they have concluded that the Company's disclosure controls and procedures were as of and for the period ending June 30, 2013 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 period ended June 30, 2013, and as at quarter-end, 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 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. 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 the assessment of the results are in the final stages.

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 and have signed a number of confidentiality agreements with interested parties.

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 financial statements for the years ended December 31, 2012 and December 31, 2011 and additional information, 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, then 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 July 26, 2013.

**GLOBEX MINING ENTERPRISES INC.**
**Interim Condensed Consolidated Statements of Income (loss)  
and Comprehensive Income (loss)**  
(Unaudited - In Canadian dollars)

	Notes	Three months ended		Six months ended	
		June 30, 2013	June 30, 2012	2013	June 30, 2012
			(Restated, Note 3)		(Restated, Note 3)
<b>Continuing operations</b>					
<b>Revenues</b>	17	\$ 462,500	\$ 255,006	\$ 603,022	\$ 533,017
<b>Expenses</b>					
Salary		148,884	209,798	332,378	422,059
Administration	18	119,302	142,317	243,373	289,470
Professional fees and outside services	18	108,783	155,760	237,187	277,759
Depreciation and amortization		16,747	11,978	33,220	24,180
Share-based compensation and payments		15,050	-	52,350	76,118
Impairment of mineral properties and deferred exploration expenses	12, 13	56,486	57,283	103,153	133,819
Loss (gain) on foreign exchange		(10,192)	(10,441)	(15,849)	(3,376)
		455,060	566,695	985,812	1,220,029
<b>Income (loss) from operations</b>		<b>7,440</b>	<b>(311,689)</b>	<b>(382,790)</b>	<b>(687,012)</b>
<b>Other income (expenses)</b>					
Interest income		8,590	4,368	12,374	8,531
Joint venture income		-	85,903	-	131,457
Increase (decrease) in fair value of financial assets		43,574	(520,253)	(96,925)	(890,500)
Management services	21	126,000	-	252,000	-
Other		16,719	3,564	20,291	9,046
		194,883	(426,418)	187,740	(741,466)
<b>Income (loss) before taxes</b>		<b>202,323</b>	<b>(738,107)</b>	<b>(195,050)</b>	<b>(1,428,478)</b>
<b>Provision (recovery) of income and mining taxes</b>	16	<b>(155,976)</b>	<b>(24,704)</b>	<b>(242,821)</b>	<b>(90,884)</b>
<b>Income (loss) and comprehensive income (loss) for the period</b>		<b>\$ 358,299</b>	<b>\$ (713,403)</b>	<b>\$ 47,771</b>	<b>\$ (1,337,594)</b>
<b>Income (loss) per common share</b>					
Basic and diluted	19	\$ 0.01	\$ (0.03)	\$ 0.00	\$ (0.06)
<b>Weighted average number of common shares outstanding</b>					
		27,896,018	22,992,646	27,896,018	22,862,602
<b>Shares outstanding at end of period</b>					
		27,896,018	23,749,779	27,896,018	23,749,779

The accompanying notes are an integral part of these financial statements

**GLOBEX MINING ENTERPRISES INC.**

**Interim Condensed Consolidated Statements of Cash Flows**

(Unaudited - In Canadian dollars)

	Notes	2013	Six months ended June 30, 2012
<i>(Restated, Note 3)</i>			
<b>Operating activities</b>			
Income (loss) and comprehensive income (loss) for the period		\$ 47,771	\$ (1,337,594)
Adjustments for:			
Disposal of mineral properties for shares		(11,000)	(55,000)
Decrease in fair value of financial assets		96,925	890,500
Depreciation and amortization		33,220	24,180
Foreign exchange rate variation on reclamation bond		(2,360)	(171)
Impairment of mineral properties and deferred exploration expenses		103,153	133,819
Current tax expense (recovery)		(15,769)	420
Deferred income and mining taxes recovery		(227,047)	(91,304)
Income and mining taxes paid		(6,296)	(863)
Share-based compensation and payments		52,350	76,118
		23,176	977,699
Share of net earnings from investment in joint venture		-	(131,457)
Changes in non-cash operating working capital items	22	(291,406)	122,553
		(220,459)	(368,799)
<b>Financing activities</b>			
Issuance of common shares		-	1,304,349
Share capital issue costs		-	(83,597)
		-	1,220,752
<b>Investing activities</b>			
Acquisition of properties, plant and equipment		(3,296)	(6,922)
Recovery from (investments) in joint venture		(124,663)	189,985
Deferred exploration expenses		(1,972,891)	(1,058,522)
Mineral properties acquisitions		(40,323)	(38,159)
Proceeds on mineral properties optioned		-	44,210
		(2,141,173)	(869,408)
Net increase in cash and cash equivalents		(2,361,632)	(17,455)
Cash and cash equivalents, beginning of period		4,896,981	2,985,873
<b>Cash and cash equivalents, end of period</b>		<b>\$ 2,535,349</b>	<b>\$ 2,968,418</b>
Cash and cash equivalents		\$ 291,328	\$ 1,549,293
Cash reserved for exploration		2,244,021	1,419,125
		\$ 2,535,349	\$ 2,968,418

Supplementary cash flows information (note 22)

The accompanying notes are an integral part of these financial statements



**GLOBEX MINING ENTERPRISES INC.**
**Interim Condensed Consolidated Statements of Financial Position**

(Unaudited - In Canadian dollars)

	Notes	June 30, 2013	December 31, 2012	January 1, 2012
			<i>(Restated, Note 3)</i>	<i>(Restated, Note 3)</i>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	5	\$ 291,328	\$ 521,496	\$ 2,074,901
Cash reserved for exploration	6	2,244,021	4,375,485	910,972
Investments	7	478,439	637,267	2,202,066
Accounts receivable	8	235,004	1,062,587	486,805
Refundable tax credit and mining duties		-	-	81,794
Prepaid expenses and deposits		140,743	102,466	130,258
		<b>3,389,535</b>	6,699,301	5,886,796
Reclamation bonds	9	121,616	119,256	121,680
Investment in joint venture	10	141,440	141,440	174,676
Properties, plant and equipment	11	535,128	565,053	525,668
Mineral properties	12	3,086,254	3,045,931	3,049,515
Deferred exploration expenses	13	15,534,257	13,664,519	11,907,484
		<b>\$ 22,808,230</b>	\$ 24,235,500	\$ 21,665,819
<b>Liabilities</b>				
Current liabilities				
Payables and accruals	14	\$ 541,530	\$ 1,141,300	\$ 533,436
Dividend payable	4	-	575,909	-
Current income tax		271,662	271,662	307,038
		<b>813,192</b>	1,988,871	840,474
Related party payable - Duparquet Assets Limited	21	280,958	405,621	345,050
Other liabilities	15	482,462	836,144	234,693
Deferred tax liabilities	16	3,473,056	3,346,423	3,519,727
<b>Owners' equity</b>				
Share capital	20	48,278,353	48,278,353	50,288,153
Deficit		(34,187,044)	(34,234,815)	(37,177,492)
Contributed surplus - Equity settled reserve		3,667,253	3,614,903	3,615,214
		<b>17,758,562</b>	17,658,441	16,725,875
		<b>\$ 22,808,230</b>	\$ 24,235,500	\$ 21,665,819

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.**

**Interim Condensed Consolidated Statements of Equity**

(Unaudited - In Canadian dollars)

	Notes	Six months ended June 30, 2013	2012	Year ended December 31, 2012
<b>Common shares</b>				
Beginning of period		\$ 48,278,353	\$ 50,288,153	\$ 50,288,153
Issued on exercise of options		-	12,500	207,500
Fair value of shares issued under private placements		-	-	5,122,437
Spin-out distribution of assets	4	-	-	(7,005,084)
Share issuance costs, net of taxes (December 31, 2012 - \$123,149)		-	-	(334,653)
End of period		\$ 48,278,353	\$ 50,300,653	\$ 48,278,353
<b>Contributed surplus - Equity settled reserve</b>				
Beginning of period		\$ 3,614,903	\$ 3,615,214	\$ 3,615,214
Share-based compensation		26,460	37,468	60,289
Share-based payments		25,890	38,650	38,650
Fair value of stock options exercised		-	(6,250)	(99,250)
End of period		\$ 3,667,253	\$ 3,685,082	\$ 3,614,903
<b>Deficit</b>				
Beginning of period		\$ (34,234,815)	\$ (37,177,492)	\$ (37,177,492)
Income (loss) attributable to shareholders		47,771	(624,191)	2,942,677
End of period		\$ (34,187,044)	\$ (37,801,683)	\$ (34,234,815)
<b>Total Equity</b>		<b>\$ 17,758,562</b>	<b>\$ 16,184,052</b>	<b>\$ 17,658,441</b>

The accompanying notes are an integral part of these financial statements

# Notes to the Interim Condensed Consolidated Financial Statements

Periods ending June 30, 2013 and 2012

## 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.

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.

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'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 GLBXF on the OTCQX International, USA.

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 and going concern

These interim condensed consolidated 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. All financial information is presented in Canadian dollars.

The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The application of International Financial Reporting Standards (IFRS) on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

## 2. Basis of presentation and going concern (continued)

These interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

### Statement of compliance

These interim condensed financial statements have been prepared by Management in accordance with IAS 34 "Interim Financial Reporting." They do not include all the information required in annual financial statements in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the audited financial statements and have not been modified.

The preparation of interim condensed financial statements in accordance with IAS 34 requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Corporations accounting policies.

The Company's Board of Directors approved these interim condensed consolidated financial statements for the periods ended June 30, 2013 and June 30, 2012 on July 26, 2013.

## 3. Summary of significant accounting policies

(a) These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2012 with the exception that the Company has adopted the following standards which are effective for annual periods on or after January 1, 2013:

IFRS 10 - *Consolidated Financial Statements* - establishes control as the basis for an investor to consolidate its investees and defines control as an investor's power over an investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's returns through its power over the investee. The Company has applied IFRS 10 on a prospective basis, commencing January 1, 2013. The adoption of IFRS 10 did not have an impact on the Company's interim condensed consolidated financial statements.

IFRS 11 - *Joint Arrangements* - In accordance with IFRS 11, joint arrangements are classified into two types: (1) joint operations; and (2) joint ventures. The Company holds a 50% interest the ownership of Duparquest Assets Limited ("DAL"), a separate legal entity. Under this new standard, the Company's investment in DAL qualifies as a joint venture. As a result, the standard requires the Company to account for its investment in DAL, retrospectively, using the equity method, compared to its previous accounting policy of proportionate consolidation. In accordance with transition provisions, the 'Investment in joint venture' is deemed to be the net assets of the DAL joint venture as of January 1, 2012 (Note 10).

### 3. Summary of significant accounting policies (continued)

IFRS 12 - *Disclosure of Involvement with Other Entities* - 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 has applied IFRS 12 on a prospective basis, commencing January 1, 2013. The adoption of IFRS 12 did not have an impact on the Company's interim condensed consolidated financial statements.

IFRS 13 - *Fair value measurement* - defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires that when using a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized. The Company has applied IFRS 13 on a prospective basis, commencing January 1, 2013. The adoption of IFRS 13 did not have an impact on the Company's interim condensed consolidated financial statements.

A reconciliation of the 2012 comparative periods as previously reported, in the 2012 in the interim condensed consolidated financial statements, is as follows:

	As Previously Reported	IFRS 11 Adjustments	As presented
At January 1, 2012			
Cash and cash equivalents	\$ 2,074,901	\$ -	\$ 2,074,901
Cash reserved for exploration	910,972	-	910,972
Investment in joint venture	-	174,676	174,676
Other assets	18,505,270	-	18,505,270
<b>Total assets</b>	<b>\$ 21,491,143</b>	<b>\$ 174,676</b>	<b>\$ 21,665,819</b>
Current liabilities	\$ 1,010,848	\$ (170,374)	\$ 840,474
Related party - Duparquet Assets Limited	-	345,050	345,050
Other liabilities	3,754,420	-	3,754,420
	\$ 4,765,268	\$ 174,676	\$ 4,939,944
<b>Owner's equity</b>	<b>\$ 16,725,875</b>	<b>\$ -</b>	<b>\$ 16,725,875</b>

	As Previously Reported	IFRS 11 Adjustments	As presented
At December 31, 2012			
Cash and cash equivalents	\$ 521,496	\$ -	\$ 521,496
Cash reserved for exploration	4,375,485	-	4,375,485
Investment in joint venture	-	141,440	141,440
Other assets	19,197,079	-	19,197,079
<b>Total assets</b>	<b>\$ 24,094,060</b>	<b>\$ 141,440</b>	<b>\$ 24,235,500</b>
Current liabilities	\$ 2,253,052	\$ (264,181)	\$ 1,988,871
Related party - Duparquet Assets Limited	-	405,621	405,621
Other liabilities	4,182,567	-	4,182,567
	\$ 6,435,619	\$ 141,440	\$ 6,577,059
<b>Owner's equity</b>	<b>\$ 17,658,441</b>	<b>\$ -</b>	<b>\$ 17,658,441</b>

### 3. Summary of significant accounting policies (continued)

<b>Three months ended June 30, 2012</b>	As Previously Reported	IFRS 11 Adjustments	As presented
Revenues	\$ 361,256	\$ (106,250)	\$ 255,006
Expenses	566,702	(7)	566,695
Loss from operations	(205,446)	(106,243)	(311,689)
Other income (expenses)	(512,321)	-	(512,321)
Joint venture income	-	85,903	85,903
Recovery of income and mining taxes	(4,364)	20,340	(24,704)
Loss and comprehensive loss for the period	\$ (713,403)	\$ -	\$ (713,403)

  

<b>Six months ended June 30, 2012</b>	As Previously Reported	IFRS 11 Adjustments	As presented
Revenues	\$ 695,517	\$ (162,500)	\$ 533,017
Expenses	1,220,036	(7)	1,220,029
Loss from operations	(524,519)	(162,493)	(687,012)
Other income (expenses)	(872,923)	-	(872,923)
Joint venture income	-	131,457	131,457
Recovery of income and mining taxes	(59,848)	31,036	(90,884)
Loss and comprehensive loss for the period	\$ (1,337,594)	\$ -	\$ (1,337,594)

The disclosure contained in these interim condensed consolidated financial statements does not include all the requirements in IAS 1, "Presentation of Financial Statements." Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2012.

#### (b) 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 condensed 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.

#### 4. Plan of Arrangement and dividend payable

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		\$	6,429,175
Cash and near cash			503,006
Investments			72,903
		\$	7,005,084

	June 30, 2013	December 31, 2012	January 1, 2012
Dividend Payable			
Cash and near cash	\$ -	\$ 503,006	\$ -
Investments	-	72,903	-
	\$ -	\$ 575,909	\$ -

#### 5. Cash and cash equivalents

	June 30, 2013	December 31, 2012	January 1, 2012
Bank balances	\$ (392,672)	\$ (79,357)	\$ 974,902
Short-term deposits	684,000	600,853	1,099,999
	\$ 291,328	\$ 521,496	\$ 2,074,901

#### 6. Cash reserved for exploration

	June 30, 2013	December 31, 2012	January 1, 2012
Bank balances	\$ 2,244,021	\$ 4,375,485	\$ 910,972

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.

#### 7. Investments

	June 30, 2013	December 31, 2012	January 1, 2012
Equity investments	\$ 478,439	\$ 637,267	\$ 2,202,066

## 8. Accounts receivable

	June 30, 2013	December 31, 2012	January 1, 2012
Trade receivables	\$ 118,995	\$ 229,363	\$ 366,539
Chibougamau Independent Mines Inc.	-	484,204	-
Taxes receivable	116,009	349,020	120,266
	<b>\$ 235,004</b>	<b>\$ 1,062,587</b>	<b>\$ 486,805</b>

Trade receivables of \$118,995 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 taxes receivable of \$116,009 represent harmonized and Quebec sales tax ("GST", "HST", "QST") receivable from Canadian taxation authorities.

## 9. Reclamation bonds

	June 30, 2013	December 31, 2012	January 1, 2012
Nova Scotia bond - Department of Natural Resources	\$ 57,974	\$ 57,974	\$ 57,974
Option reimbursement	(50,000)	(50,000)	(50,000)
Net Nova Scotia bond	7,974	7,974	7,974
Washington State bond - Department of Natural Resources	113,642	111,282	113,706
	<b>\$ 121,616</b>	<b>\$ 119,256</b>	<b>\$ 121,680</b>

## 10. Investment in joint venture

The Company holds a 50% interest in the ownership of DAL, a separate legal entity. The Company's investment in DAL is classified as a joint venture under IFRS 11, *Joint Arrangements*. As a result, the standard requires the Company to account for its investment in DAL using the equity method, compared to its previous accounting policy of proportionate consolidation. The Investment in the Joint Venture was valued at \$174,676 as of January 1, 2012, which represents the net assets of the joint venture at that date.

The following table summarized the movement of the Company's joint venture investment following the implementation of IFRS 11 as it relates to the Company's presentation of its investment in DAL at January 1, 2012 (implementation date) to June 30, 2013 (Note 3(a)):

	Investment in Joint Venture
Deemed investment, January 1, 2012	\$ 174,676
Add:	
Globex's 50% share of DAL's net income for the year ended December 31, 2012	246,764
Less:	
Dividends received	(280,000)
<b>Closing balance, December 31, 2012</b>	<b>\$ 141,440</b>
Add:	
Globex's 50% share of DAL's net income for the three and six month period ended June 30, 2013.	-
<b>Closing balance, June 30, 2013</b>	<b>\$ 141,440</b>



## 11. Properties, plant and equipment

	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer Systems	Total
<b>Cost</b>						
Balance - beginning of period	\$ 415,112	\$ 81,310	\$ 146,274	\$ 56,177	\$ 213,880	\$ 912,753
Additions	82,515	-	-	-	6,922	89,437
Disposals	-	-	-	-	-	-
December 31, 2012	497,627	81,310	146,274	56,177	220,802	1,002,190
<b>Additions</b>	-	-	-	-	<b>3,296</b>	<b>3,296</b>
<b>Disposals</b>	-	-	-	-	-	-
<b>June 30, 2013</b>	<b>\$ 497,627</b>	<b>\$ 81,310</b>	<b>\$ 146,274</b>	<b>\$ 56,177</b>	<b>\$ 224,098</b>	<b>\$ 1,005,486</b>
<b>Accumulated depreciation</b>						
Balance - beginning of period	\$ (47,980)	\$ (35,180)	\$ (96,414)	\$ (21,751)	\$ (185,760)	\$ (387,085)
Additions	(12,520)	(9,228)	(9,972)	(6,884)	(11,448)	(50,052)
December 31, 2012	(60,500)	(44,408)	(106,386)	(28,635)	(197,208)	(437,137)
<b>Additions</b>	<b>(6,919)</b>	<b>(5,722)</b>	<b>(7,326)</b>	<b>(4,073)</b>	<b>(9,180)</b>	<b>(33,220)</b>
<b>June 30, 2013</b>	<b>\$ (67,419)</b>	<b>\$ (50,130)</b>	<b>\$ (113,712)</b>	<b>\$ (32,708)</b>	<b>\$ (206,388)</b>	<b>\$ (470,357)</b>
<b>Carrying value</b>						
December 31, 2012	\$ 437,127	\$ 36,902	\$ 39,888	\$ 27,542	\$ 23,594	\$ 565,053
<b>June 30, 2013</b>	<b>\$ 430,208</b>	<b>\$ 31,180</b>	<b>\$ 32,562</b>	<b>\$ 23,469</b>	<b>\$ 17,710</b>	<b>\$ 535,128</b>

## 12. Mineral properties

	Nova Scotia	Ontario	Quebec	Other	Total
Balance - beginning of period	\$ 30,414	\$ 62,171	\$ 2,956,930	\$ -	\$ 3,049,515
Additions	-	-	136,844	-	136,844
Impairment provisions	-	-	(35,970)	-	(35,970)
Spin-out of properties	-	-	(60,101)	-	(60,101)
Recoveries	(11,557)	(14,400)	(18,400)	-	(44,357)
December 31, 2012	\$ 18,857	\$ 47,771	\$ 2,979,303	\$ -	\$ 3,045,931
<b>Additions</b>	-	-	<b>40,323</b>	-	<b>40,323</b>
<b>June 30, 2013</b>	<b>\$ 18,857</b>	<b>\$ 47,771</b>	<b>\$ 3,019,626</b>	<b>\$ -</b>	<b>\$ 3,086,254</b>

### 13. Deferred exploration expenses

	New Brunswick	Nova Scotia	Ontario	Quebec	Other	Total
Balance - beginning of period	\$ 130,175	\$ 259,013	\$ 4,014,155	\$ 7,504,141	\$ -	\$ 11,907,484
Additions	9,776	15,054	1,089,416	1,933,363	10,636	3,058,245
Spin-out of properties	-	-	-	(266,013)	-	(266,013)
Impairment provisions	(856)	(149,177)	(8,521)	(770,023)	(10,636)	(939,213)
Recoveries	-	-	-	(95,984)	-	(95,984)
December 31, 2012	139,095	124,890	5,095,050	8,305,484	-	13,664,519
<b>Additions</b>	-	<b>225</b>	<b>1,351,936</b>	<b>620,730</b>	-	<b>1,972,891</b>
<b>Impairment provisions</b>	-	-	-	<b>(103,153)</b>	-	<b>(103,153)</b>
<b>June 30, 2013</b>	<b>\$ 139,095</b>	<b>\$ 125,115</b>	<b>\$ 6,446,986</b>	<b>\$ 8,823,061</b>	<b>\$ -</b>	<b>\$ 15,534,257</b>

#### Deferred Exploration Expenses

	June 30, 2013	December 31, 2012
Balance - beginning of period	\$ 13,664,519	\$ 11,907,484
Current exploration expenses		
Consulting	122,033	421,196
Core shack, storage and equipment rental	33,250	27,961
Drilling	605,899	664,200
Environment	61,176	67,323
Geology	282,640	448,099
Geophysics	(66,489)	466,672
Laboratory analysis and sampling	362,031	190,768
Labour	333,625	407,178
Line cutting	8,820	81,723
Mapping	38,922	-
Mining property tax and permits	53,835	53,454
Prospecting and surveying	61,185	26,941
Reports, maps and supplies	12,773	31,353
Transport and road access	63,191	171,377
Total current exploration expenses	1,972,891	3,058,245
Impairment provisions	(103,153)	(939,213)
Spin-out of properties	-	(266,013)
Option revenue offset	-	(95,984)
	(103,153)	(1,301,210)
Current net deferred exploration expenses	1,869,738	1,757,035
Balance - end of period	\$ 15,534,257	\$ 13,664,519

## 14. Payables and accruals

	<b>June 30, 2013</b>	December 31, 2012	January 1, 2012
		<i>(Restated, Note 3)</i>	<i>(Restated, Note 3)</i>
Trade payable and accrued liabilities	\$ <b>423,334</b>	\$ 1,067,453	\$ 459,589
Sundry liabilities	<b>118,196</b>	73,847	73,847
	<b>\$ 541,530</b>	\$ 1,141,300	\$ 533,436

## 15. Other liabilities

	<b>June 30, 2013</b>	December 31, 2012
Balance, beginning of period	\$ <b>836,144</b>	\$ 234,693
Additions during the period <sup>(i)</sup>	-	1,145,248
Reduction related to the incurrence of qualified exploration expenditures	<b>(353,682)</b>	(543,797)
Balance, end of period	<b>\$ 482,462</b>	\$ 836,144

(i) The increase during 2012, represents the excess of the proceeds received from flow-through shares over shares fair value.

## 16. Income taxes

### Income and mining tax expense (recovery)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2013</b>	June 30, 2012	<b>June 30, 2013</b>	June 30, 2012
		<i>(Restated, Note 3)</i>		<i>(Restated, Note 3)</i>
Current tax expense (recovery)				
Tax expenses (recovery) for the current period	\$ <b>19,663</b>	\$ (443)	\$ <b>(15,769)</b>	\$ 420
Deferred tax provision (recovery) for income tax and mining duties	<b>(19,402)</b>	98,797	<b>126,630</b>	103,262
Recovery of income and mining taxes as a result of the sale of tax benefits (flow-through shares)	<b>(156,237)</b>	(123,058)	<b>(353,682)</b>	(194,566)
	<b>(175,639)</b>	(24,261)	<b>(227,052)</b>	(91,304)
	<b>\$ (155,976)</b>	\$ (24,704)	<b>\$ (242,821)</b>	\$ (90,884)

## 16. Income taxes (continued)

<b>Deferred tax balances</b>	December 31, 2012	Recognized in income or loss	Recognized in equity	Other	June 30, 2013
Temporary differences					
Deferred tax assets					
Non-capital losses carry forward	\$ 1,082,880	\$ 63,052	\$ -	\$ -	\$ 1,145,932
Share issue expenses	116,881	(19,403)	-	-	97,478
Properties, plant & equipment	38,144	5,356	-	-	43,500
Financial assets at FVTPL	396,202	13,036	-	-	409,238
	1,634,107	62,041	-	-	1,696,148
Less valuation allowance	(630,342)	(13,036)	-	-	(643,378)
	1,003,765	49,005	-	-	1,052,770
Deferred tax liabilities					
Mining properties and deferred exploration expenses	(4,350,188)	(276,052)	-	100,414	(4,525,826)
Deferred tax liabilities	\$ (3,346,423)	\$ (227,047)	\$ -	\$ 100,414	\$ (3,473,056)

	January 1, 2012	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)

## 17. Revenues

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
		<i>(Restated, Note 3)</i>		<i>(Restated, Note 3)</i>
Net option income	\$ 462,500	\$ 197,788	\$ 533,500	\$ 310,790
Metal royalty income	-	57,218	69,522	222,227
	\$ 462,500	\$ 255,006	\$ 603,022	\$ 533,017

## 18. Expenses by nature

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

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Administration		<i>(Restated, Note 3)</i>		<i>(Restated, Note 3)</i>
Office expenses	\$ 53,051	\$ 61,796	\$ 106,089	\$ 126,959
Conventions and meetings	30,897	39,077	67,672	102,148
Advertising and shareholder information	6,188	18,007	31,564	31,112
Other administration expenses	29,166	23,437	38,048	29,251
	\$ 119,302	\$ 142,317	\$ 243,373	\$ 289,470
Professional fees and outside services				
Investor relations	\$ 38,986	\$ 30,332	\$ 87,290	\$ 71,063
Legal fees	14,151	60,204	24,082	85,322
Audit and accounting fees	33,207	50,082	59,957	74,889
Other professional fees	22,439	15,142	65,858	46,485
	\$ 108,783	\$ 155,760	\$ 237,187	\$ 277,759

## 19. Income (loss) per share

Basic income (loss) per common share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. 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 period, 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.

## 19. Income (loss) per share (continued)

### Basic and diluted loss per share

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

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
<b>Numerator</b>				
Loss for the period	\$ 358,299	\$ (713,403)	\$ 47,771	\$ (1,337,594)
<b>Denominator</b>				
Weighted average number of common shares - basic	27,896,018	22,992,646	27,896,018	22,862,602
Effect of dilutive shares				
Stock options ("in the money") <sup>(i)</sup>	-	-	-	-
Weighted average number of common shares - diluted	27,896,018	22,992,646	27,896,018	22,862,602
<b>Loss per share</b>				
Basic	\$ 0.01	\$ (0.03)	\$ 0.00	\$ (0.06)
Diluted	\$ 0.01	\$ (0.03)	\$ 0.00	\$ (0.06)

(i) For the three and six months periods ended June 30, 2012, the stock options are not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

## 20. Share capital

### Common shares

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

#### Changes in capital stock

	June 30, 2013		December 31, 2012	
	Number of shares	Capital Stock	Number of shares	Capital Stock
Fully paid common shares				
Balance, beginning of period	27,896,018	\$ 48,278,353	22,726,241	\$ 50,288,153
Stock options exercised	-	-	325,000	207,500
Private placements	-	-	4,844,777	5,122,437
Spin-out	-	-	-	(7,005,084)
Share issuance costs	-	-	-	(334,653)
Balance, end of period	27,896,018	\$ 48,278,353	27,896,018	\$ 48,278,353

As at June 30, 2013, 36,100 (December 31, 2012 - 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.

## 20. Share capital (continued)

### 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.

### 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 June 30, 2013, 1,067,100 options may be granted in addition to the common share purchase options currently outstanding (December 31, 2012 - 1,139,600).

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

	June 30, 2013		December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance - beginning of period	1,927,900	\$ 1.55	2,112,900	\$ 1.39
Expired	(67,500)	1.48	-	-
Exercised	-	-	(325,000)	0.33
Granted - Directors and employees	90,000	0.40	90,000	1.03
Granted - Service providers	50,000	1.40	50,000	1.39
Balance - end of period	2,000,400	\$ 1.18	1,927,900	\$ 1.55
Options exercisable	1,820,400	\$ 1.23	1,837,900	\$ 1.57

## 20. Share capital (continued)

The following table summarizes information regarding the stock options outstanding and exercisable as at June 30, 2013:

Range of prices	Number of options outstanding	Number of options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$ 0.40 - 0.59	190,000	100,000	1.86	\$ 0.59
0.63 - 0.92	1,120,000	1,030,000	1.58	0.77
1.09 - 1.50	319,200	319,200	3.51	1.23
2.16 - 2.47	221,200	221,200	2.76	2.16
3.49	150,000	150,000	3.24	3.49
	2,000,400	1,820,400	2.22	\$ 1.23

### 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. During the six months ended June 30, 2013, the Company granted 90,000 options to Directors and 50,000 options to a service provider and during this period 67,500 option expired.

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

	Six months ended	
	June 30, 2013	June 30, 2012
Expected dividend yield	Nil	Nil
Expected stock price volatility	64.24%	66.4%
Risk free interest rate	1.36%	1.25%
Expected life	6.01 years	5 years
Weighted average fair value of granted options	\$0.30	\$0.77

During the period ending June 30, 2013, the total expense related to stock-based compensation costs and payments amounting to \$52,350 has been recorded and presented separately in the statements of income and Comprehensive income (June 30, 2012 - \$76,118).

### 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.



## **20. Share capital (continued)**

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.

To date, no shares have been issued under the RSU Plan.

## **21. Related party information**

### **Chibougamau Independent Mines Inc.**

CIM is considered a related party as Globex Management consisting of the President and CEO, Executive Vice-President and Chief Financial Officer hold the same positions with both entities. In addition, the President and CEO holds a significant number of common shares of both organizations and therefore can significantly influence the operations of both entities. Currently, the Corporation is dependent upon management services provided by Globex Mining Enterprises Inc. as described below.

#### **Management Services**

On December 29, 2012, Globex entered into a Management Services Agreement with CIM under which the Company will provide management services including administrative, compliance, corporate secretarial, risk management support and advisory services to CIM during 2013.

Management services income of \$126,000 (2012 – Nil) for the three month and \$252,000 (2012 – Nil) for the six month period ended June 30, 2012 represent Globex's estimate of the specific costs related to performing these services plus a mark-up in accordance with the Management Services Agreement.

#### **Property Sale**

On May 9, 2013, Globex sold three major blocks of claims to CIM for a cash payment of \$350,000 and a 2% Gross Metal Royalty. The claim blocks are located in the Chibougamau Mining Camp ((a) Grandroy orebody area and, (b) Berrigan deposit). These claims were acquired by Globex after the Spin-Out and therefore had not been included in the Plan of Arrangement. The properties were sold based on the fair market value derived from properties of similar size and exploration stage.

## 21. Related party information (continued)

### 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 Limited ("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 could purchase all of the issued and outstanding preferred and common shares of DAL. The SOA was amended on three different dates in 2012 and on April 25, 2013. This option was terminated on July 3, 2013. (See note 25).

### 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:

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Salary cost				
Salaries and other benefits	\$ 101,418	\$ 117,378	\$ 211,849	\$ 234,757

## 22. Supplementary cash flows information

### Changes in non-cash working capital items

	Six months ended	
	June 30, 2013	June 30, 2012
Accounts receivable	\$ 827,583	\$ 245,273
Refundable tax credit and mining duties	-	70,273
Prepaid expenses and deposits	(38,277)	60,489
Payables and accruals	(1,080,712)	(253,482)
	\$ (291,406)	\$ 122,553

### Non-cash financing and investing activities

	Six months ended	
	June 30, 2013	June 30, 2012
Transfer of contributed surplus to share capital on exercise of stock option	\$ -	\$ 6,250
Transfer of investments to CIM	72,903	-
Refundable tax credit and mining duties	-	9,793

## 23. 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:

- 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 2012.

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.

## 23. Financial instruments (continued)

### 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 \$2,535,349 as at June 30, 2013 (December 31, 2012 - \$4,896,981). 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:

	June 30, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents	\$ 291,328	\$ 521,496	\$ 2,074,901
Cash reserved for exploration	2,244,021	4,375,485	910,972
Investments	478,439	637,267	2,202,066
Accounts receivable <sup>(i)</sup>	235,004	1,062,587	486,805
Refundable tax credit and mining duties	-	-	81,794
	\$ 3,248,792	\$ 6,596,835	\$ 5,756,538

(i) Accounts receivable of \$235,004 (December 31, 2012 - \$1,062,587; January 1, 2012 - \$486,805) consist of trade receivables of \$118,994 (December 31, 2012 - \$229,363; January 1, 2012 - \$50,622), due from CIM - Nil (December 31, 2012 - \$484,204; January 1, 2012 - Nil) and taxes recoverable of \$116,010 (December 31, 2012 - \$349,020; January 1, 2012 - \$405,318). 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 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.

## 23. Financial instruments (continued)

### (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 \$478,439 (December 31, 2012 - \$637,267). Based on the balance outstanding at June 30, 2013, a 10% increase or decrease would impact income and loss by approximately \$48,000 (December 31, 2012 - \$63,000).

### (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).

		Level 1	Level 2	Level 3	Total financial assets at fair value
<b>June 30, 2013</b>					
Financial assets					
Equity investments	\$	348,842	\$ 129,597	\$ -	\$ 478,439
Reclamation bonds		-	121,616	-	121,616
Total financial assets	\$	348,842	\$ 251,213	\$ -	\$ 600,055

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

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

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

### 23. Financial instruments (continued)

January 1, 2012	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 period.

### 24. Commitments and contingencies

At period 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 6. At this time, Management anticipates meeting that obligation and as a result, no additional disclosures are required.

### 25. Subsequent events

On July 3, 2013, the Company informed shareholders that the optioning of our 50% interest in the Duquesne West property to Xmet Inc. , as described in note 21, terminated due to market conditions.