



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS OF  
GLOBEX MINING ENTERPRISES INC.  
THREE MONTHS ENDED MARCH 31, 2020  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Globex Mining Enterprises Inc. (the "Company") have been prepared by, and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

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**GLOBEX MINING ENTERPRISES INC.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

Three months ended  
March 31,  
2020                      2019

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**Continuing operations**

Revenues (note 12) \$ 149,444 \$ 559,968

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**Expenses**

Exploration and evaluation expenditures (note 14) 383,529 416,494  
Professional fees and outside services (note 13) 98,037 141,890  
Administration (note 13) 90,754 246,873  
Salaries 84,908 83,848  
Depreciation (note 9) 8,094 6,947  
Share-based compensation (note 16) - 1,712  
Gain on foreign exchange (177,654) (6,255)

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**487,668** **891,509**

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**Loss from operations**

**(338,224)** **(331,541)**

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**Other (expenses) income**

Interest and dividends 7,687 7,230  
Management services (note 17) 2,065 845  
Loss on the sale of investments (55,975) -  
(Decrease) increase in fair value of financial assets (192,610) 88,950  
Other - 1,825

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**(238,833)** **98,850**

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**Loss before taxes**

**(577,057)** **(232,691)**

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Income tax (expense) recovery

(5,580) 44,653

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**Loss and comprehensive loss for the period**

**\$ (582,637)** **\$ (188,038)**

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**Basic and diluted loss per share** (note 15)

**\$ (0.01)** **\$ (0.00)**

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**Weighted average number of common shares outstanding - basic and diluted**

**54,406,329** **51,977,259**

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The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# GLOBAL MINING ENTERPRISES INC.

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

Three months ended  
March 31,  
2020 2019

## Operating activities:

Loss and comprehensive loss for the period	\$ (582,637)	\$ (188,038)
Adjustments for:		
Disposal of mineral properties for investments (note 18)	-	(12,500)
Decrease (increase) in fair value of financial assets	192,610	(88,950)
Depreciation (note 9)	8,094	6,947
Foreign exchange rate variation on reclamation bond	(13,445)	3,129
Loss on sale of investments	55,975	-
Deferred tax recovery	(25,277)	(116,520)
Fair value of shares issued in connection with mineral property (notes 16 and 18)	68,750	-
Foreign exchange (gain) loss	(166,822)	42,526
Share-based compensation (note 16)	-	1,712
	<b>(462,752)</b>	<b>(351,694)</b>
Change in non-cash working capital items (note 18)	<b>(70,537)</b>	<b>(151,497)</b>
<b>Net cash and cash equivalents used in operating activities</b>	<b>(533,289)</b>	<b>(503,191)</b>

## Financing activities:

Proceeds from exercised options (note 16)	-	7,050
Share repurchased (note 16)	(5,743)	(237,980)
Increase (decrease) in related party payable (note 17)	16,099	(19,580)
<b>Net cash and cash equivalents provided by (used in) financing activities</b>	<b>10,356</b>	<b>(250,510)</b>

## Investing activities:

Acquisition of property, plant and equipment (note 9)	(3,521)	-
Proceeds from sale of investment	95,375	-
<b>Net cash and cash equivalents provided by investing activities</b>	<b>91,854</b>	<b>-</b>

<b>Net change in cash and cash equivalents</b>	<b>(431,079)</b>	<b>(753,701)</b>
Effect of exchange rate changes on cash held in foreign currencies	166,822	(42,526)
<b>Cash and cash equivalents, beginning of period</b>	<b>2,850,512</b>	<b>3,448,199</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,586,255</b>	<b>\$ 2,651,972</b>
<b>Cash and cash equivalents</b>	<b>\$ 1,561,977</b>	<b>\$ 2,278,844</b>
<b>Cash reserved for exploration</b>	<b>1,024,278</b>	<b>373,128</b>
	<b>\$ 2,586,255</b>	<b>\$ 2,651,972</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# GLOBEX MINING ENTERPRISES INC.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

	As at March 31, 2020	As at December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	\$ 1,561,977	\$ 1,610,513
Cash reserved for exploration (note 5)	1,024,278	1,239,999
Investments (note 6)	1,072,209	1,416,169
Accounts receivable (note 7)	74,746	94,104
Prepaid expenses and deposits	139,396	64,328
Related party receivable (note 17)	17,202	33,301
Current income tax receivable	118,758	149,617
<b>Total current assets</b>	<b>4,008,566</b>	<b>4,608,031</b>
<b>Non-current assets</b>		
Reclamation bonds (note 8)	795,231	781,786
Investment in joint venture	8,464	8,464
Property, plant and equipment (note 9)	394,975	399,548
<b>Total assets</b>	<b>\$ 5,207,236</b>	<b>\$ 5,797,829</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Payables and accruals (note 10)	\$ 84,470	\$ 130,156
<b>Total current liabilities</b>	<b>84,470</b>	<b>130,156</b>
<b>Non-current liabilities</b>		
Other liabilities (note 11)	120,027	145,304
Restoration liabilities (note 8)	894,490	894,490
<b>Total liabilities</b>	<b>1,098,987</b>	<b>1,169,950</b>
<b>Equity</b>		
Share capital (note 16)	55,953,192	55,901,915
Contributed surplus	4,926,434	4,926,434
Deficit	(56,771,377)	(56,200,470)
<b>Total equity</b>	<b>4,108,249</b>	<b>4,627,879</b>
<b>Total liabilities and equity</b>	<b>\$ 5,207,236</b>	<b>\$ 5,797,829</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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**GLOBEX MINING ENTERPRISES INC.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

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**Equity attributable to shareholders**

	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2018</b>	<b>\$ 55,685,745</b>	<b>\$ 4,676,969</b>	<b>\$ (55,809,293)</b>	<b>\$ 4,553,421</b>
Share repurchased	(880,013)	-	642,033	(237,980)
Exercise of stock options	10,791	(3,741)	-	7,050
Share-based compensation	-	1,712	-	1,712
Loss and comprehensive loss	-	-	(188,038)	(188,038)
<b>Balance, March 31, 2019</b>	<b>\$ 54,816,523</b>	<b>\$ 4,674,940</b>	<b>\$ (55,355,298)</b>	<b>\$ 4,136,165</b>
<b>Balance, December 31, 2019</b>	<b>\$ 55,901,915</b>	<b>\$ 4,926,434</b>	<b>\$ (56,200,470)</b>	<b>\$ 4,627,879</b>
Share repurchased	(17,473)	-	11,730	(5,743)
Shares issued for mineral properties	68,750	-	-	68,750
Loss and comprehensive loss	-	-	(582,637)	(582,637)
<b>Balance, March 31, 2020</b>	<b>\$ 55,953,192</b>	<b>\$ 4,926,434</b>	<b>\$ (56,771,377)</b>	<b>\$ 4,108,249</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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# **GLOBEX MINING ENTERPRISES INC.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **1. General Business Description**

Globex Mining Enterprises Inc. ("Globex" or the "Corporation") is a North American focused exploration and development property bank which operates under the project generator business model. It seeks to create shareholder value by acquiring mineral properties, undertaking limited exploration and therefore readying them for optioning, joint venturing, or outright sale. Globex's current mineral portfolio consists of approximately 190 early to mid-stage exploration, development and royalty properties which contain Base Metals (copper, nickel, zinc, lead), Precious Metals (gold, silver, platinum, palladium), Specialty Metals and Minerals (manganese, titanium oxide, iron, molybdenum, lithium, rare earths and associated elements) and Industrial Minerals (mica, silica, potash, feldspar, pyrophyllite as well as talc and magnesite).

Globex was incorporated in the Province of Quebec and following the approval of shareholders on June 12, 2014, it was continued under the Canada Corporations Act, effective October 28, 2014. Its head office is located at 89 Belsize Drive, Toronto, Ontario M4S 1L3 and its principal business office is located at 86, 14th Street, Rouyn-Noranda, Quebec, J9X 2J1, Canada.

Globex's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol GMX, in Europe under the symbol G1MN on the Frankfurt, Stuttgart, Berlin, Munich, Tradegate, Lang & Schwarz Stock Exchanges and trades under the symbol GLBXF on the OTCQX International Exchange in the United States.

### **2. Basis of Presentation**

#### **Basis of Presentation**

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost basis, except for certain assets that are measured at fair value through profit and loss as indicated in note 3 of the Corporation's audited consolidated financial statements for the year ended December 31, 2019. All financial information is presented in Canadian dollars.

#### **Statement of Compliance**

These unaudited condensed interim consolidated financial statements have been prepared by Management in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

The preparation of Interim Condensed Consolidated financial statements in accordance with IAS 34 requires the use of certain critical judgments, estimates and assumptions that effect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied (note 4) in the consolidated financial statements as at and for the year ended December 31, 2019. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

#### **Approval of Financial Statements**

The Corporation's Board of Directors approved these unaudited condensed interim consolidated financial statements on May 13, 2020.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Summary of Significant Accounting Policies

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as compared with the most recent annual consolidated financial statements (note 3) of the Corporation's audited financial statements for the year ended December 31, 2019 with the exception of the IFRS adopted as described below.

The disclosure contained in these unaudited condensed interim consolidated financial statements does not include all the requirements in IAS 1, Presentation of Financial Statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019.

#### New Accounting Standard Adopted

##### IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Corporation's unaudited condensed interim consolidated financial statements.

##### IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Corporation's unaudited condensed interim consolidated financial statements.

##### IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Corporation's unaudited condensed interim consolidated financial statements.

### 4. Cash and Cash Equivalents

	As at March 31, 2020	As at December 31, 2019
Bank balances	\$ 121,390	\$ 358,350
Short-term deposit	1,440,587	1,252,163
	<b>\$ 1,561,977</b>	<b>\$ 1,610,513</b>

# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Cash Reserved for Exploration

	As at March 31, 2020	As at December 31, 2019
Bank balances	\$ 24,278	\$ 239,999
Short-term deposit	1,000,000	1,000,000
	<b>\$ 1,024,278</b>	<b>\$ 1,239,999</b>

Globex raises flow-through funds for exploration under subscription agreements which require the Corporation to incur prescribed resource expenditures.

The Corporation must use these funds for exploration of mining properties in accordance with restrictions imposed by the financing. If the Corporation does not incur the resource expenditures, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

### 6. Investments

Corporation Name	March 31, 2020		December 31, 2019	
	Number of shares	Fair value	Number of shares	Fair value
Excellon Resources Inc.	226,837	\$ 124,760	226,837	\$ 233,642
Falco Resources Ltd.	350,000	66,500	350,000	117,250
Galway Metals Inc.	200,000	58,000	230,000	77,050
Great Thunder Gold Corp.	412,750	90,805	518,750	31,125
Integra Resources Corp.	128,000	108,800	128,000	153,600
Knick Exploration Inc.	1,000,000	5,000	1,000,000	5,000
Manganese X Energy Corp.	1,453,000	108,975	1,925,000	144,375
NSGold Corporation	1,745,408	122,179	1,745,408	174,541
Opawica Explorations Inc.	125,000	5,625	125,000	7,500
Pasofino Gold Limited	388,888	7,777	388,888	33,056
Pershimex Resources Corporation	175,000	5,250	175,000	7,000
Renforth Resources Inc.	10,800,000	324,000	10,800,000	378,000
Rogue Resources Inc.	50,000	2,250	50,000	3,500
Sphinx Resources Ltd.	513,000	7,695	513,000	15,390
Other equity investments	-	34,593	-	35,140
		<b>\$ 1,072,209</b>		<b>\$ 1,416,169</b>

These investments were received under various mining option agreements and all of the shareholdings represent less than 10% of outstanding shares of each individual Issuer except for NSGold Corporation.

### 7. Accounts Receivable

	March 31, 2020	December 31, 2019
Trade receivables	\$ 66,634	\$ 95,700
Bad debt provision	(4,109)	(4,109)
Net trade receivables	62,525	91,591
Taxes receivable	12,221	2,513
	<b>\$ 74,746</b>	<b>\$ 94,104</b>



# GLOBEX MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Reclamation Bonds and Restoration Liabilities

#### Reclamation Bonds

	March 31, 2020	December 31, 2019
Nova Scotia bond - Department of Natural Resources	\$ 57,974	\$ 57,974
Option reimbursement	(50,000)	(50,000)
Nova Scotia bond	7,974	7,974
Washington State bond - Department of Natural Resources	159,082	145,637
Deposits with Province of Quebec, MERN	628,175	628,175
	<b>\$ 795,231</b>	<b>\$ 781,786</b>

#### Restoration Liabilities

	March 31, 2020	December 31, 2019
<b>Francoeur Property restoration and rehabilitation liabilities</b>		
Balance, beginning of the period	\$ 894,490	\$ 628,175
Additions during the period	-	266,315
Balance, end of the period	<b>\$ 894,490</b>	<b>\$ 894,490</b>

### 9. Property, Plant and Equipment

Cost	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer systems	Total
Balance, December 31, 2018	\$ 536,967	\$ 88,210	\$ 146,274	\$ 56,177	\$ 292,733	\$ 1,120,361
Additions	-	-	-	-	10,242	10,242
Dispositions	-	-	-	(56,177)	-	(56,177)
Balance, December 31, 2019	536,967	88,210	146,274	-	302,975	1,074,426
Additions	-	-	-	-	3,521	3,521
Balance, March 31, 2020	<b>\$ 536,967</b>	<b>\$ 88,210</b>	<b>\$ 146,274</b>	<b>\$ -</b>	<b>\$ 306,496</b>	<b>\$ 1,077,947</b>

Accumulated depreciation	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer systems	Total
Balance, December 31, 2018	\$ 143,527	\$ 88,210	\$ 146,274	\$ 56,177	\$ 267,371	\$ 701,559
Depreciation during the year	13,838	-	-	-	15,658	29,496
Disposition during the year	-	-	-	(56,177)	-	(56,177)
Balance, December 31, 2019	157,365	88,210	146,274	-	283,029	674,878
Depreciation during the period	3,460	-	-	-	4,634	8,094
Balance, March 31, 2020	<b>\$ 160,825</b>	<b>\$ 88,210</b>	<b>\$ 146,274</b>	<b>\$ -</b>	<b>\$ 287,663</b>	<b>\$ 682,972</b>

Carrying value	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer systems	Total
Balance, December 31, 2019	\$ 379,602	\$ -	\$ -	\$ -	\$ 19,946	\$ 399,548
Balance, March 31, 2020	<b>\$ 376,142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,833</b>	<b>\$ 394,975</b>

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## **GLOBEX MINING ENTERPRISES INC.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **10. Payable and Accruals**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Trade payables and accrued liabilities	\$ 50,897	\$ 98,022
Sundry liabilities	33,573	32,134
	<b>\$ 84,470</b>	<b>\$ 130,156</b>

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#### **11. Other Liabilities**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Balance, beginning of period	\$ 145,304	\$ 233,789
Additions during the period	-	145,305
Reduction related to qualified exploration expenditures	(25,277)	(233,790)
Balance, end of period	<b>\$ 120,027</b>	<b>\$ 145,304</b>

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The Other Liabilities represent the excess of the proceeds received from flow-through shares over the fair value of the shares issued. Further details are provided in note 16.

#### **12. Revenues**

A summary of the revenues for the respective period-ends follows:

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Option income and advance royalties	\$ 25,000	\$ 272,500
Royalties	124,444	287,468
	<b>\$ 149,444</b>	<b>\$ 559,968</b>

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In the three months ended March 31, 2020, Globex reported option income and advances royalties of \$25,000 (three months ended March 31, 2019 – \$272,500) which consisted of cash receipts of \$Nil (three months ended March 31, 2019 - \$260,000) and shares in optionee corporations with a fair market value of \$Nil (three months ended March 31, 2019 - \$12,500).

Three months ended March 31, 2020:

- On March 18, 2020, Globex received a cash payment of \$25,000 from Tres-Or Resources Ltd. in connection with the options of Fontana Property, Duvernay Twp., Quebec.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 12. Revenues (Continued)

Three months ended March 31, 2019:

- On January 8, 2019, Globex received a cash payment of \$50,000 from Tres-Or Resources Ltd. in connection with the options of Fontana Property, Duvernay Twp., Quebec.
- On January 8, 2019, Globex received a cash payment of \$10,000 from Tres-Or Resources Ltd. in connection with the options of Duvay Property, Duvernay Twp., Quebec.
- On January 17, 2019, Globex received a cash payment of \$200,000 and 250,000 common shares with a fair market value of \$12,500 from Renforth Resources Inc. in connection with the option of Parbec Property, Malartic Twp., Quebec.

During the three months ended March 31, 2020, Globex recorded metal royalty income of \$124,444 (three months ended March 31, 2019 - \$287,468) from Nyrstar Mid-Tennessee Mines.

### 13. Expenses by Nature

	Three months ended March 31,	
	2020	2019
<b>Administration</b>		
Office expenses	\$ 66,660	\$ 199,330
Conventions and meetings	11,622	30,450
Advertising and shareholder information	8,753	2,351
Transfer agent	2,422	13,277
Other administration	1,297	1,465
	<b>\$ 90,754</b>	<b>\$ 246,873</b>

	Three months ended March 31,	
	2020	2019
<b>Professional fees and outside services</b>		
Investor relations	\$ 31,418	\$ 45,275
Audit and accounting fees	21,359	39,110
Management consulting	18,276	18,476
Other professional fees	15,794	15,117
Filing fees	10,329	12,680
Legal fees	861	11,232
	<b>\$ 98,037</b>	<b>\$ 141,890</b>

# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 14. Exploration and Evaluation Expenditures

	Three months ended March 31,	
	2020	2019
<b>Ontario</b>		
Timmins Talc-Magnesite (Deloro)	\$ 2,496	\$ 5,550
Laguerre-Knutson (Hearst, McVittie twps)	15,770	-
Other projects	5,816	2,969
	<b>\$ 24,082</b>	<b>\$ 8,519</b>
<b>Quebec</b>		
Dalhousie (Bourbaux)	\$ -	\$ 1,750
Discloflo (Desjardins)	1,473	-
Fabie Bay / Magusi (Hebecourt, Montbray)	1,946	11,174
Francoeur (Beauchastel)	68,420	232,699
Great Plains (Clermont)	-	980
Joutel (Joutel)	749	10,053
Kelly Lake (Blondeau)	6,003	1,523
Lac Fortune Gold Mine (Beauchastel)	69,037	-
Lac Ontario (St-Urbain)	969	735
Lac Savignac (Northern Quebec)	2,981	-
Mc Neely (Lacorne)	1,429	-
Moly Hill (La Motte)	3,415	16,352
New Richmond (New Richmond)	-	263
Pandora-Wood & Central Cadillac (Cadillac)	94	5,443
Pyrox (Clairy)	7,132	250
Shortt Lake Mine	162	689
Silidor Mine	314	-
Smith-Zulapa-Vianor (Tiblemont)	12,230	-
Standard Gold (Duvernoy)	309	-
Tavernier Tiblemont (Tavernier)	-	245
Tonnancour (Tonnancour, Josselin)	-	496
Venus (Barraute)	32,908	-
Other projects	87,537	57,158
Quebec general exploration	61,867	49,252
	<b>\$ 358,975</b>	<b>\$ 389,062</b>
<b>Other regions</b>		
Nova Scotia	\$ 82	\$ -
New Brunswick	94	-
Canada (others)	-	125
Europe	-	18,338
Other including Bell Mountain (USA)	296	450
	<b>\$ 472</b>	<b>\$ 18,913</b>
<b>Exploration and evaluation expenditures</b>	<b>\$ 383,529</b>	<b>\$ 416,494</b>

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 14. Exploration and Evaluation Expenditures (Continued)

	Three months ended March 31,	
	2020	2019
<b>Exploration and evaluation expenditures</b>		
Consulting	\$ 22,002	\$ 18,619
Drilling	-	100,539
Geophysics	43,995	66,429
Laboratory analysis and sampling	15	11,815
Labour	180,275	174,492
Line cutting	5,168	5,800
Mineral property acquisitions	83,423	15,919
Mining property tax, permits and prospecting	26,728	8,877
Reports, maps and supplies	16,519	1,338
Transport and road access	5,404	12,666
	<b>\$ 383,529</b>	<b>\$ 416,494</b>

(i) During the three months ended March 31, 2019, Globex cancelled the option agreements on the Magusi/Fabie Bay property as well as on the Normetal and Normetmar properties. Globex also cancelled the option agreement on the Kelly Lake Property.

(ii) During the three months ended March 31, 2019, Globex acquired additional mineral rights in the Joutel gold and base metal mining camp of Quebec.

(iii) On March 19, 2019, Globex announced that it agreed to waive the remaining work requirement by Renforth Resources Inc. on Globex's Parbec Gold property, allowing Renforth Resources Inc. to gain 100% interest in the property package located on the Cadillac Fault, west of the Canadian Malartic Mine, in Quebec. In consideration for waiving the remaining work requirement, Renforth Resources Inc. agreed to the following:

- The previous Gross Metal Royalty ("GMR") which varied between 1% and 2% GMR dependent upon the gold price will henceforth be a stable 3% GMR;
- Renforth Resources Inc. shall issue to Globex 5,000,000 Renforth shares;
- Should Renforth Resources Inc. consolidate its shares within 4 years, an additional 1,500,000 post consolidated Renforth Resources Inc. shares will be issued to Globex;
- Upon the commencement of mining and the transport of the first ore for milling, a one-time payment of \$1,000,000 will be made to Globex subject to inflation and the deduction of any \$50,000 per year advance royalties received by Globex that may commence 8 years from the date of signing of the original option agreement.

Globex has agreed to give Renforth Resources Inc. a one-time first right of refusal to purchase Globex's GMR should Globex decide at any time to sell all or part of its GMR.

(iv) On March 16, 2020, the Corporation acquired 100% interest in the Lac Fortune Gold Mine Property located in Beauchastel Township, Quebec for 250,000 Globex shares (valued at \$68,750) and a 2% NSR of which 1% may be purchased by Globex for \$200,000 at any time.

# LOBEX MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 15. Loss Per Common Share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss 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 warrants and stock options.

Diluted net loss 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 loss are assumed to be used to purchase common shares of the Corporation at the average market price during the period. Diluted loss did not include the effect of options for the three months ended March 31, 2020 and March 31, 2019, as they are anti-dilutive.

### 16. Share Capital

In accordance with the Certificate of Continuance, under the Canada Business Corporations Act, effective October 28, 2014, the Corporation was authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

#### Changes in capital stock

	March 31, 2020		December 31, 2019	
	Number of shares	Capital stock	Number of shares	Capital stock
<b>Fully paid common shares</b>				
Balance, beginning of period	54,389,852	\$ 55,901,915	52,078,077	\$ 55,685,745
Issued in connection with mineral property acquisition (i)(viii)	250,000	68,750	160,000	60,000
Issued on exercise of options (v)(vi)(vii)	-	-	65,000	23,381
Private placements - Flow-through shares (iii)(iv)	-	-	2,927,775	1,094,695
Share issuance costs (ix)	-	-	-	(62,646)
Share repurchase (ii)(x)	(17,000)	(17,473)	(841,000)	(899,260)
Balance, end of period	54,622,852	\$ 55,953,192	54,389,852	\$ 55,901,915

#### **2020 issuances**

##### **Shares issued in connection with mineral property acquisitions**

(i) On March 23, 2020, Globex acquired a 100% interest in the Lac Fortune Gold Mine Property located in Beauchastel Township, Quebec by issuing 250,000 Globex common shares at a deemed price of \$0.275 per share for a deemed value of \$68,750.

##### **Normal course issuer bid**

(ii) During the three months ended March 31, 2020, 17,000 common shares were repurchased for cash consideration of \$5,743 in accordance with the Normal course issuer bid ("NCIB"). The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

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# LOBEX MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 16. Share Capital (Continued)

#### Changes in capital stock (continued)

##### *2019 issuances*

##### **Private placements**

(iii) On July 10, 2019, Globex issued 1,500,000 flow-through common shares at a price of \$0.40 per share to subscriber outside Quebec and 666,666 flow-through common shares at a price of \$0.45 per share to subscribers in Quebec, for gross proceeds to Globex of \$900,000. The fair value of these shares was \$801,667 (\$0.37 per share) based on the TSX closing price on July 9, 2019. The \$98,333 difference between the gross proceeds and the fair value of the shares at issuance has been reflected as an increase in other liabilities.

Jack Stoch, director and Chief Executive Officer ("CEO") of Globex, purchased 150,000 flow-through shares for a total consideration of \$60,000 in the private placement.

(iv) On July 19, 2019, Globex issued 50,000 flow-through common shares at a price of \$0.40 per share to subscriber outside Quebec and 711,109 flow-through common shares at a price of \$0.45 per share to subscribers in Quebec, for gross proceeds to Globex of \$340,000. The fair value of these shares was \$293,028 (\$0.385 per share) based on the TSX closing price on July 18, 2019. The \$46,972 difference between the gross proceeds and the fair value of the shares at issuance has been reflected as an increase in other liabilities.

##### **Issued on exercise of options**

(v) On March 11, 2019, 30,000 stock options with a fair value per share of \$0.124 were exercised at an exercise price of \$0.235 per share. Globex's shares closed at \$0.295 per share that date.

(vi) On May 23, 2019, 30,000 stock options with a fair value per share of \$0.124 were exercised at an exercise price of \$0.235 per share. Globex's shares closed at \$0.345 per share that date.

(vii) On June 3, 2019, 5,000 stock options with a fair value per share of \$0.124 were exercised at an exercise price of \$0.235 per share. Globex's shares closed at \$0.355 per share that date.

##### **Shares issued in connection with mineral property acquisitions**

(viii) On July 22, 2019, Globex acquired a 100% interest in the Standard Gold Property located in Duvernay Township, Quebec by issuing 160,000 Globex common shares at a deemed price of \$0.375 per share for a deemed value of \$60,000.

##### **Share issuance costs**

(ix) During the year ended December 31, 2019, the share issuance costs totalled \$62,646.

##### **Normal course issuer bid**

(x) During the year ended March 31, 2020, 841,000 commons shares were repurchased for cash consideration of \$244,325 in accordance with the NCIB. The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 16. Share Capital (Continued)

#### Stock options

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

	March 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	2,870,000	\$ 0.36	2,912,500	\$ 0.30
Exercised	-	-	(65,000)	0.24
Expired/cancelled	-	-	(1,277,500)	0.23
Granted to employees (i)	-	-	1,300,000	0.35
Balance - end of period	2,870,000	\$ 0.36	2,870,000	\$ 0.36
Options exercisable	2,870,000	\$ 0.36	2,870,000	\$ 0.36

(i) On March 2, 2019, 10,000 stock options with a fair value per share of \$0.1712 were granted at an exercise price of \$0.285 per share. Globex's shares closed at \$0.285 per share on the day before. On June 17, 2019, 1,160,000 stock options with a fair value per share of \$0.1996 were granted at an exercise price of \$0.35 per share. Globex's shares closed at \$0.35 per share on the day before. On November 28, 2019, 130,000 stock options with a fair value per share of \$0.1871 were granted at an exercise price of \$0.34 per share. Globex's shares closed at \$0.34 per share on the day before.

The following table summarizes information regarding the stock options outstanding and exercisable as at March 31, 2020:

Range of prices	Number of options outstanding	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.22 - \$0.24	110,000	110,000	3.78	\$ 0.24
\$0.25 - \$0.29	265,000	265,000	0.78	0.29
\$0.30 - \$0.38	1,690,000	1,690,000	4.02	0.36
\$0.39 - \$0.42	720,000	720,000	1.32	0.39
\$0.44 - \$0.50	85,000	85,000	2.84	0.44
	2,870,000	2,870,000	3.00	\$ 0.36



# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 16. Share Capital (Continued)

#### Stock option (continued)

##### Stock-based compensation and payments

The Corporation 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 5 years).

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

	March 31, 2020	December 31, 2019
Stock price	-	\$0.35
Expected dividend yield	-	Nil
Expected stock price volatility	-	68.27%
Risk free interest rate	-	1.36%
Expected life	-	5 years
Weighted average fair value of granted options	-	\$0.20

During the three months ended March 31, 2020, an expense of \$Nil (three months ended March 31, 2019 - \$1,712) related to stock-based compensation costs has been recorded and presented separately in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

#### NCIB

On March 11, 2020, the Corporation announced that TSX approved the renewal of the NCIB. Under the original NCIB, Globex was entitled to repurchase for cancellation up to 1,000,000 common shares, representing 1.84% of Globex's issued and outstanding shares as of March 1, 2020, over a twelve-month period starting on March 13, 2020 and ending on March 12, 2021. The purchases by Globex will be effected through the facilities of the TSX and on other alternative trading systems in Canada and will be made at the market price of the shares at the time of the purchase.

During the three months ended March 31, 2020, 17,000 common shares of Globex were purchased for cash consideration of \$5,743 in accordance with the NCIB.

### 17. Related Party Information

Related party receivable	March 31, 2020	December 31, 2019
Jack Stoch Geoconsultant Limited ("GJSL")	\$ -	\$ 1,084
Chibougamau Independent Mines Inc. ("CIM")	17,202	32,217
	\$ 17,202	\$ 33,301

The receivables due from related parties bear no interest, are without specific terms of repayment and are not secured.

As reflected in the unaudited condensed interim consolidated statement of cash flows there was a net cash increase of \$16,099 (year ended March 31, 2019 - decrease of \$19,580) in the related party net payables during the three months ended March 31, 2020.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 17. Related Party Information (Continued)

#### CIM

CIM is considered a related party as Globex Management consisting of the President and CEO and a Director hold the same positions with both entities. In addition, the President and CEO holds a large number of common shares of both organizations through GJSL, a private company which is the principal shareholder of CIM, and Globex and therefore can significantly influence the operations of both entities.

#### Management services

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

Management services income of \$2,065 for the three months ended March 31, 2020 (three months ended March 31, 2019 - \$845) represents Globex's estimate of the specific costs related to performing these services in accordance with the Management Services Agreement.

All related party transactions disclosed above were at the agreed amounts that approximate fair value.

#### 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 Corporation (Management personnel includes President and CEO, Executive Vice-President, Chief Financial Officer, Treasurer and Corporate Secretary) are as follows:

	Three months ended March 31,	
	2020	2019
Management compensation		
Salaries and other benefits	\$ 46,356	\$ 47,393
Professional fees and outside services (i)	28,276	22,210
	<u>\$ 74,632</u>	<u>\$ 69,603</u>

(i) In the three months ended March 31, 2020, management consulting fees of \$28,276 (three months ended March 31, 2019 - \$22,210) were paid to the Chief Financial Officer and the Corporate Secretary. They were appointed on September 20, 2017. As at March 31, 2020, the balance due to Chief Financial Officer and Corporate Secretary is \$2,886 (December 31, 2019 - \$12,815) which is included in payables and accruals due under normal credit terms.

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**GLOBEX MINING ENTERPRISES INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**18. Supplementary Cash Flows Information**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Changes in non-cash working capital items</b>		
Accounts receivable	\$ 19,358	\$ (61,437)
Prepaid expenses and deposits	(75,068)	(30,550)
Current tax receivable	30,859	-
Payables and accruals	(45,686)	18,623
Current tax payable	-	(78,133)
	<b>\$ (70,537)</b>	<b>\$ (151,497)</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Non-cash operating and investing activities</b>		
Disposal of mineral properties for investments	\$ -	\$ 12,500
Shares issued for mineral properties	68,750	-
	<b>\$ 68,750</b>	<b>\$ 12,500</b>

**19. Commitments and Contingencies**

At year end, the Corporation had no outstanding commitments other than its commitment to incur qualified exploration expenditures to meet its flow-through obligations as described in notes 5 and 11. At this time, management anticipates meeting that obligation and as a result, no additional disclosures are required.

**20. Subsequent Event**

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.