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**CONSOLIDATED FINANCIAL STATEMENTS OF  
GLOBEX MINING ENTERPRISES INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN CANADIAN DOLLARS)**

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## Independent Auditor's Report

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To the Shareholders of Globex Mining Enterprises Inc.:

### Opinion

We have audited the consolidated financial statements of Globex Mining Enterprises Inc. (the "Corporation") and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jo-Ann Lempert.

Montréal, Québec

March 25, 2021

MNP<sup>1</sup> SENCRL, s.r.l.

<sup>1</sup> FCPA auditor, FCA, public accountancy permit no. A122514

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**GLOBEX MINING ENTERPRISES INC.****Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
**(Expressed in Canadian Dollars)**

	Year ended December 31,	
	2020	2019
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<b>Continuing operations</b>		
Revenues (note 16)	\$ 7,398,565	\$ 2,292,147
<b>Expenses</b>		
Exploration and evaluation expenditures (note 18)	1,705,906	1,734,098
Professional fees and outside services (note 17)	451,917	422,259
Administration (note 17)	340,453	500,012
Salaries (note 24)	208,527	341,449
Share-based compensation (note 20)	127,104	257,571
Depreciation (note 11)	33,375	29,496
Loss on foreign exchange	6,462	131,127
Bad debt expense	5,913	-
	2,879,657	3,416,012
<b>Income (loss) from operations</b>	<b>4,518,908</b>	<b>(1,123,865)</b>
<b>Other income (expenses)</b>		
Increase (decrease) in fair value of financial assets	999,536	(122,578)
Gain on the sale of investments	392,462	9,993
Interest and dividends	16,625	57,846
Other income	36,004	1,825
Management services (note 21)	7,902	7,054
Gain on sale of property, plant and equipment (note 11)	5,000	7,000
Joint venture loss (note 10)	(869)	-
	1,456,660	(38,860)
<b>Income (loss) before taxes</b>	<b>5,975,568</b>	<b>(1,162,725)</b>
Income tax (expense) recovery	(10,520)	116,613
<b>Income (loss) and comprehensive income (loss) for the year</b>	<b>\$ 5,965,048</b>	<b>\$ (1,046,112)</b>
<b>Basic income (loss) per share</b> (note 19)	<b>\$ 0.11</b>	<b>\$ (0.02)</b>
<b>Diluted income (loss) per share</b> (note 19)	<b>\$ 0.11</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - basic</b>	<b>54,648,981</b>	<b>52,921,952</b>
<b>Weighted average number of common shares outstanding - diluted</b>	<b>55,317,527</b>	<b>52,921,952</b>

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

# **GLOBEX MINING ENTERPRISES INC.**

## **Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars)

	Year ended December 31,	
	2020	2019
<b>Operating activities:</b>		
Income (loss) for the year	\$ 5,965,048	\$ (1,046,112)
Adjustments for:		
Disposal of mineral properties for investments (note 22)	(4,127,577)	(691,995)
(Increase) decrease in fair value of financial assets	(999,536)	122,578
Depreciation (note 11)	33,375	29,496
Foreign exchange rate variation on reclamation bond	(39,822)	7,334
Gain on sale of investments	(392,462)	(9,993)
Gain on sale of property, plant and equipment (note 11)	(5,000)	(7,000)
Deferred tax recovery (note 14)	(145,304)	(233,790)
Fair value of shares issued in connection with mineral property (notes 20 and 22)	68,750	60,000
Foreign exchange loss	38,171	93,256
Government grant revenue (note 13)	(1,804)	-
Interest expense accrued	1,611	-
Restoration liabilities (notes 9 and 22)	10,000	266,315
Share-based compensation (note 20)	127,104	257,571
Share of net loss from investment in joint venture (note 10)	869	-
	<b>533,423</b>	<b>(1,152,340)</b>
Change in non-cash working capital items (note 22)	<b>26,449</b>	<b>(301,647)</b>
<b>Net cash and cash equivalents provided by (used in) operating activities</b>	<b>559,872</b>	<b>(1,453,987)</b>
<b>Financing activities:</b>		
Issuance of common shares (note 20)	-	1,240,000
Proceeds from exercised options (note 20)	116,075	15,275
Share capital issue costs (note 20)	(1,150)	(62,646)
Share repurchased (note 20)	(17,632)	(244,325)
Proceeds from loan payable (note 13)	60,000	-
Decrease in related party payable (note 21)	-	(101,349)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>157,293</b>	<b>846,955</b>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment (note 11)	(23,521)	(10,242)
Proceeds from disposition of property, plant and equipment (note 11)	5,000	7,000
Proceeds from sale of investment	1,245,994	67,785
Investment in joint venture (note 10)	-	38,058
Decrease in related party receivable (note 21)	15,513	-
<b>Net cash and cash equivalents provided by investing activities</b>	<b>1,242,986</b>	<b>102,601</b>
<b>Net change in cash and cash equivalents</b>	<b>1,960,151</b>	<b>(504,431)</b>
Effect of exchange rate changes on cash held in foreign currencies	(38,171)	(93,256)
<b>Cash and cash equivalents, beginning of year</b>	<b>2,850,512</b>	<b>3,448,199</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,772,492</b>	<b>\$ 2,850,512</b>
<b>Cash and cash equivalents</b>	<b>\$ 4,772,492</b>	<b>\$ 1,610,513</b>
<b>Cash reserved for exploration</b>	<b>-</b>	<b>1,239,999</b>
	<b>\$ 4,772,492</b>	<b>\$ 2,850,512</b>

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

**GLOBEX MINING ENTERPRISES INC.****Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	As at December 31, 2020	As at December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 5)	\$ 4,772,492	\$ 1,610,513
Cash reserved for exploration (note 6)	-	1,239,999
Investments (note 7)	5,689,750	1,416,169
Accounts receivable (note 8)	190,487	94,104
Prepaid expenses and deposits	133,449	64,328
Related party receivable (note 21)	17,788	33,301
Current income tax receivable	13,340	149,617
<b>Total current assets</b>	<b>10,817,306</b>	<b>4,608,031</b>
<b>Non-current assets</b>		
Reclamation bonds (note 9)	821,608	781,786
Investment in joint venture (note 10)	7,595	8,464
Property, plant and equipment (note 11)	389,694	399,548
<b>Total assets</b>	<b>\$ 12,036,203</b>	<b>\$ 5,797,829</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Payables and accruals (note 12)	\$ 185,832	\$ 130,156
<b>Total current liabilities</b>	<b>185,832</b>	<b>130,156</b>
<b>Non-current liabilities</b>		
Loan payable (note 13)	51,104	-
Deferred government grant (note 13)	8,703	-
Other liabilities (note 14)	-	145,304
Restoration liabilities (note 9)	904,490	894,490
<b>Total liabilities</b>	<b>1,150,129</b>	<b>1,169,950</b>
<b>Equity</b>		
Share capital (note 20)	56,116,917	55,901,915
Contributed surplus	4,990,930	4,926,434
Deficit	(50,221,773)	(56,200,470)
<b>Total equity</b>	<b>10,886,074</b>	<b>4,627,879</b>
<b>Total liabilities and equity</b>	<b>\$ 12,036,203</b>	<b>\$ 5,797,829</b>

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

**Approved on behalf of the Board:**

"Jack Stoch", Director

"Dianne Stoch", Director

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

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**Equity attributable to shareholders**

	Share capital	Contributed surplus	Deficit	Total
<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>
Fair value of shares issued under private placements	1,094,695	-	-	1,094,695
Share repurchased	(899,260)	-	654,935	(244,325)
Share issuance costs	(62,646)	-	-	(62,646)
Exercise of stock options	23,381	(8,106)	-	15,275
Shares issued for mineral properties	60,000	-	-	60,000
Share-based compensation	-	257,571	-	257,571
Loss and comprehensive loss	-	-	(1,046,112)	(1,046,112)
<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	(31,281)	-	13,649	(17,632)
Shares issuance costs	(1,150)	-	-	(1,150)
Exercise of stock options	178,683	(62,608)	-	116,075
Shares issued for mineral properties	68,750	-	-	68,750
Share-based compensation	-	127,104	-	127,104
Income and comprehensive income	-	-	5,965,048	5,965,048
<b>Balance, December 31, 2020</b>	<b>\$ 56,116,917</b>	<b>\$ 4,990,930</b>	<b>\$(50,221,773)</b>	<b>\$ 10,886,074</b>

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

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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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 dioxide, iron, molybdenum, lithium, cobalt, scandium, antimony, rare earths and associated elements) and Industrial Minerals (mica, silica, feldspar, pyrophyllite, kaolin 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.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Corporation's operations, financial results and condition in future periods are also subject to significant uncertainty, including potential restrictions on exploration and development sites access and supply chains disruptions that could delay the exploration and development plans of the properties of the Corporation.

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

#### **Basis of Presentation**

These 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 ("FVTPL") as indicated in note 3. All financial information is presented in Canadian dollars.

#### **Statement of Compliance**

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

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

The Corporation's Board of Directors approved these consolidated financial statements on March 25, 2021.



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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies

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

#### (a) Basis of consolidation

The consolidated financial statements include the accounts of the Corporation, and its controlled subsidiary Globex Nevada Inc.

All significant intercompany transactions and balances have been eliminated on consolidation. The table which follows outlines Globex's interest in the entity:

Corporate Entity	Relationship	December 31, 2020	December 31, 2019
Globex Nevada Inc.	Subsidiary	100%	100%

The Corporation has control when it holds power over the investee, is exposed, or has right to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns. The Corporation must reassess whether it controls the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-corporation transactions, balances, income and expenses are eliminated on consolidation.

#### (b) Functional and presentation currency

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

The subsidiary's functional currency is the US dollar. For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Revenue and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized as other comprehensive income in the consolidated statement of income (loss) and comprehensive income (loss). However, the foreign operations have been minimal over the past years.

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **3. Summary of Significant Accounting Policies (Continued)**

#### **(c) Interest in joint ventures**

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

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

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

#### **(d) Cash and cash equivalents**

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

#### **(e) Cash reserved for exploration**

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

#### **(f) Refundable tax credits and mining duties**

The Corporation is entitled to a refundable tax credit of 28% on qualified exploration expenditures incurred in the province of Quebec. The Corporation is also entitled to a refund of mining duties of the lesser of 16% on 50% of qualified mining exploration expenses or operating losses during the period, net of the refundable tax credit. The credit or refunds are recorded based on management's best estimates once the necessary information is available and management believes that the amounts are collectible.

#### **(g) Financial instruments**

Under IFRS 9, Financial Instruments ("IFRS 9"), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and FVTPL.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (Continued)

#### (g) Financial instruments (continued)

Below is a summary showing the classification and measurement bases of our financial instruments:

Classification	
Cash and cash equivalents	FVTPL
Cash reserved for exploration	FVTPL
Investments	FVTPL
Accounts receivable (less taxes receivable)	Amortized cost
Related party receivable	Amortized cost
Reclamation bonds	Amortized cost
Payables and accruals	Amortized cost
Loan payable	Amortized cost

Financial assets:

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Corporation determines the classification of its financial assets at initial recognition.

##### (a) Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Corporation's cash and cash equivalents, cash reserved for exploration and investments are classified as financial assets measured at FVTPL.

##### (b) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Corporation's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Corporation's accounts receivable (less taxes receivable), reclamation bonds and related party receivable are classified as financial assets measured at amortized cost.

Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Corporation determines the classification of its financial liabilities at initial recognition.

##### (a) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Corporation's payables and accruals and loan payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

##### (b) Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five categories detailed above. The Corporation does not have any liabilities classified at FVTPL.

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **3. Summary of Significant Accounting Policies (Continued)**

#### **(g) Financial instruments (continued)**

Transaction costs:

Transaction costs associated with financial instruments carried at FVTPL are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement:

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition:

The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model:

IFRS 9 introduced a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial application. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past event, current conditions and forecasts of future economic conditions. The Corporation's financial assets, other than financial assets measured at FVTPL, include accounts receivable, reclamation bonds, and related party receivable, and the Corporation applies the simplified approach for accounts receivable. Using the simplified approach, the Corporation records a loss allowance equal to the ECLs resulting from all possible default events over the assets' contractual lifetime. The general approach is applied to all other financial assets to which the impairment requirements of IFRS 9 apply. The adoption of the expected credit loss impairment model had no impact on the Corporation's consolidated financial statements.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

#### **(h) Reclamation bonds**

Reclamation bonds represent funds that are lodged with government authorities to be held against future reclamation and remediation of environmental disturbances as a result of exploration and development activities. After reclamation and remediation, the funds may be recovered. Where applicable under the arrangement with the government authority, the carrying value is increased by the accrued interest earned during the year.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (Continued)

#### (i) Property, plant and equipment

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

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

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

#### (j) Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received whichever is more reliable. When the fair value of a non-monetary transaction cannot be reliably measure, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up.

#### (k) Mineral properties and exploration expenses

The Corporation expenses all acquisition costs of mineral properties and exploration expenses as incurred.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

#### (l) Depreciation

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

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

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#### (m) Restoration liabilities

The Corporation recognizes the fair value of restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is incurred when a reasonable estimate of fair value can be made. The Corporation's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value.

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **3. Summary of Significant Accounting Policies (Continued)**

#### **(n) Provisions**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

#### **(o) Revenue recognition**

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

##### **(i) Sales of mineral properties**

The proceeds from the sale of mineral properties are recorded as option income.

##### **(ii) Option income**

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

##### **(iii) Royalty income**

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

##### **(iv) Interest and dividend income**

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

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

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **3. Summary of Significant Accounting Policies (Continued)**

#### **(p) Share-based compensation and payments**

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

Share-based payments granted to non-employees are measured at the fair value of the goods or services received.

In the event the Corporation cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument, measured at the date the Corporation obtains the goods or the counterparty renders the service.

##### Share-based compensation

The Corporation grants stock options to buy common shares of the Corporation to directors, officers, and employees. The Board of Directors grants such options for periods up to five years, with vesting periods determined at its sole discretion and at the TSX prices at the close of business on the day prior to the option grant. The fair value of the options is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the options are earned.

The fair value is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modifications which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. If and when the stock options are exercised, the applicable fair value amounts charged to contributed surplus are transferred to share capital.

#### **(q) Current and deferred taxes**

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

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

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

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **3. Summary of Significant Accounting Policies (Continued)**

#### **(q) Current and deferred taxes (continued)**

At the end of each reporting period, the Corporation reassesses unrecognized deferred tax assets. The Corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profits will enable the deferred tax asset to be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to the extent that it is no longer probable that sufficient taxable income will be available to ensure that all or part of the asset will be recovered.

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

#### **(r) Flow-through shares**

The Corporation raises funds through the issuance of flow-through shares which entitles investors to prescribed resource tax benefits and credits once the Corporation has renounced these benefits to the subscribers in accordance with the tax legislation. The Corporation considers the issuance of flow-through shares in substance; (a) an issue of an ordinary share; and (b) the sale of tax deductions.

The sale of tax deductions has been measured based on the residual fair value method. At the time, the flow-through shares are issued; the sale of tax deductions is deferred and presented as Other Liabilities. When the Corporation fulfills its obligation; the liability is reduced and the sale of tax deductions is recognized in the consolidated statements of income (loss) and comprehensive income (loss) as a reduction of the deferred tax expense; and a deferred tax asset is recognized, in accordance with IAS 12, Income Taxes, for the taxable temporary differences between the tax base of the eligible expenditures and the expensed amount for accounting purposes.

#### **(s) Share capital**

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

#### **(t) Valuation of warrants**

Equity financing transactions may involve the issuance of common shares or units. A unit may consist of a certain number of common shares and a certain number of share purchase warrants. Depending upon the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement.

Warrants that are part of units are valued based on a relative fair value method. The Corporation considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

#### **(u) Income (loss) per common share**

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

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

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



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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **3. Summary of Significant Accounting Policies (Continued)**

#### **(v) Government grants and loans**

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. A forgivable loan from the government is treated as a government grant as long as there is reasonable assurance that the Corporation will meet the terms for forgiveness of the loan. The amount of the grant portion which is unexpended is recognized as a deferred government grant to be recognized in profit or loss on a systematic basis over the term of the loan.

The Corporation recognizes government subsidies when there is reasonable assurance that it will comply with the conditions required to qualify for the subsidy and that the condition of the subsidy is also reasonably assured. Government subsidies received are recognized on the consolidated statement of income (loss) and comprehensive income (loss) as a reduction to the expense that the subsidy is intended to offset.

#### **(w) New and revised IFRS issued and 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 consolidated financial statements.

##### IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 1 and 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 consolidated financial statements.

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **4. Significant Accounting Assumptions, Judgments and Estimates**

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

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

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

#### **Judgments**

##### **(a) Collectability of option agreements**

Collectability of considerations to be received on option agreements entered into with third parties on the Corporation's properties, involves judgment regarding the probability that the optionees will be able to meet their spending commitments and pay the considerations specified in the agreement.

Since there is significant uncertainty as to whether the optionee will be able to make all the required payments in the contract, the Corporation only recognizes revenue as the option payments are due. The optionee can avoid payments prior to them becoming due, but not after.

##### **(b) Deferred income taxes balances**

The Corporation uses the asset and liability method in accounting for deferred income taxes and mining duties. Under this method, deferred income taxes are recognized for the future income tax.

In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate structure plans which may impact taxable income in future periods.

#### **Estimates**

##### **(a) Estimate of share-based compensation**

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

The Corporation uses the Black-Scholes option pricing model to calculate the fair value of the share-based compensation costs.

Globex enters into option agreements for its properties. Under these arrangements, the Corporation typically receives a series of cash option payments over a period of time and it also often receives shares in the optionee corporation.

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **5. Cash and Cash Equivalents**

	As at December 31, 2020	As at December 31, 2019
Bank balances	\$ 4,058,962	\$ 358,350
Short-term deposit	713,530	1,252,163
	<b>\$ 4,772,492</b>	<b>\$ 1,610,513</b>

### **6. Cash Reserved for Exploration**

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

### **7. Investments**

	December 31, 2020		December 31, 2019	
Corporation Name	Number of shares	Fair value	Number of shares	Fair value
Class 1 Nickel and Technologies Limited <sup>(1)</sup>	53,846	\$ 48,461	-	\$ -
Electric Royalties Ltd. <sup>(2)</sup>	3,000,000	735,000	-	-
Excellon Resources Inc. <sup>(3)(4)</sup>	111,024	419,671	226,837	233,642
Falco Resources Ltd.	350,000	143,500	350,000	117,250
Galway Metals Inc.	200,000	228,000	230,000	77,050
Great Thunder Gold Corp.	150,000	94,500	518,750	31,125
Integra Resources Corp. <sup>(5)</sup>	51,200	256,000	128,000	153,600
Knick Exploration Inc.	1,000,000	-	1,000,000	5,000
Manganese X Energy Corp.	-	-	1,925,000	144,375
NSGold Corporation	1,745,408	418,898	1,745,408	174,541
Opawica Explorations Inc. <sup>(6)</sup>	125,000	20,625	125,000	7,500
Pasofino Gold Limited <sup>(7)</sup>	300,000	57,000	388,888	33,056
Pershimex Resources Corporation	175,000	7,875	175,000	7,000
Renforth Resources Inc.	9,550,000	525,250	10,800,000	378,000
Rogue Resources Inc.	50,000	4,250	50,000	3,500
Sphinx Resources Ltd.	513,000	10,260	513,000	15,390
Starr Peak Exploration Ltd. <sup>(8)</sup>	1,200,000	2,172,000	-	-
Tres-Or Resources Ltd. <sup>(9)</sup>	220,000	31,900	-	-
Troilus Gold Corp. <sup>(10)</sup>	350,000	427,000	-	-
Other equity investments	-	89,560	-	35,140
		<b>\$ 5,689,750</b>		<b>\$ 1,416,169</b>

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **7. Investments (Continued)**

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 (refer to note 18).

Notes:

(1) On December 22, 2020, Class 1 Nickel Technologies Limited issued to Globex 53,846 shares (fair market value of \$43,077) in connection with the options of Somanike Property.

(2) On July 13, 2020, Electric Royalties Ltd. issued to Globex 3,000,000 shares (fair market value of \$795,000) in connection with a number of non-core specialty mineral royalties (refer to note 16).

(3) On September 22, 2020, Excellon Resources Inc. ("Excellon") issued to Globex 65,657 shares (fair market value of \$325,000) in connection with the options in Europe.

(4) In September 2020, Excellon completed a five for one reverse split.

(5) In July 2020, Integra Resources Corp. completed a two and a half for one reverse split.

(6) In February 2019, Opawica Explorations Inc. completed a two for one share consolidation.

(7) In July 2019, Enforcer Gold Corp. completed a three for one share consolidation. In October 2019, Enforcer Gold Corp. changed its name to Pasofino Gold Limited.

(8) On August 3, 2020, Starr Peak Exploration Ltd. issued to Globex 1,200,000 shares (fair market value of \$2,472,000) in connection with the option on Fontana Property (refer to note 16).

(9) On August 5, 2020, Tres-Or Resources Ltd. issued to Globex 400,000 shares (fair market value of \$48,000) in connection with the Normetal/Normetar copper, zinc and silver property, the Rousseau gold project and the Turgeon Lake gold property located in Northern Quebec.

(10) On July 20, 2020, Troilus Gold Corp. issued to Globex 350,000 shares (fair market value of \$444,500) in connection with the option on the Rosario, Lac Testard Ouest, Pyrox, Lac De Maurès Est, Claudette Zone, Boulder Lake, Boulder Gold, and Lac Chix properties.

### **8. Accounts Receivable**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Trade receivables	<b>\$ 173,597</b>	<b>\$ 95,700</b>
Bad debt provision	<b>(4,109)</b>	<b>(4,109)</b>
Net trade receivables	<b>169,488</b>	<b>91,591</b>
Taxes receivable	<b>20,999</b>	<b>2,513</b>
	<b>\$ 190,487</b>	<b>\$ 94,104</b>

Net trade receivables of \$169,488 (December 31, 2019 - \$91,591) consist primarily of amounts recoverable under joint venture arrangements and royalties. These items are all current and the Corporation anticipates full recovery of these amounts. The taxes receivable represents harmonized and Quebec sales tax ("GST", "HST", "QST") receivable from Canadian taxation authorities.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 9. Reclamation Bonds and Restoration Liabilities

#### Reclamation Bonds

	December 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	142,767	145,637
Deposits with Province of Quebec, Ministère de l'Energie et des Ressources Naturelles	670,867	628,175
	<b>\$ 821,608</b>	<b>\$ 781,786</b>

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

On June 30, 2016, Globex acquired the Francoeur Property and related mining infrastructure as well as the Arncoeur and Norex Properties from Richmond Mines Inc. At that time, Globex also assumed the liabilities for the restoration and rehabilitation of the Francoeur Property mining site of \$628,175 which had been included in a 2013 Closure Plan that had been accepted by the Ministère de l'Energie et des Ressources naturelles ("MERN").

As part of the arrangement with Richmond Inc., the ownership of \$471,132 deposited with the MERN was transferred to Globex. The transfer of the Francoeur closure liabilities and deposit was approved by the MERN on July 13, 2016. On November 24, 2016, Globex issued a letter of credit of \$157,043 to the MERN resulting in the liability being fully funded. The letter of credit is fully secured by a Globex short-term investment which will remain in place until the letter of credit is withdrawn.

During the year ended December 31, 2019, Globex received a letter from the MERN in which the Francoeur Property closure liabilities were revised to \$894,490. In the letter, the MERN requested that Globex secures the balance of \$266,315 with a short-term investment of \$42,692 (secured) by July 24, 2020 and a short-term investment of \$223,623 by July 24, 2021. During the year ended December 31, 2020, Globex secured \$42,692 with a short-term investment as requested by the MERN. During the year ended December 31, 2020, the activities at the Francoeur Property were minimal.

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# LOBEX MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 9. Reclamation Bonds and Restoration Liabilities (Continued)

#### Restoration Liabilities

	December 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	894,490	894,490
<b>Lac Ontario Property restoration and rehabilitation liabilities</b>		
Balance, beginning of the period	-	-
Additions during the period	10,000	-
Balance, end of the period	10,000	-
<b>Total restoration liabilities</b>	<b>\$ 904,490</b>	<b>\$ 894,490</b>

### 10. Investment in Joint Venture

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Balance, December 31, 2018	\$ 46,522
Add:	
Globex's 50% share of DAL's net loss for the year ended December 31, 2019	-
Decrease in investment in joint venture	(38,058)
<b>Balance, December 31, 2019</b>	<b>8,464</b>
Add:	
Globex's 50% share of DAL's net loss for the year ended December 31, 2020	(869)
<b>Balance, December 31, 2020</b>	<b>\$ 7,595</b>

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On February 18, 2010, a mineral option agreement, related to the Duquesne West Gold Property located in Duparquet and Destor townships, Québec, was signed between Globex and Jack Stoch Geoconsultant Limited ("GJSL", a company owned by Jack Stoch President, Chief Executive Officer ("CEO") and Director of Globex) as vendors, (b) Duparquet Assets Limited ("DAL") and (c) Xmet Inc. as Optionee.

The property was owned 50% by Globex and 50% by GJSL. On February 16, 2010, DAL entered into a joint venture agreement with GJSL and Globex. Globex's investment has been recorded using the equity method. July 3, 2013, Xmet Inc. dropped its interest in the Duquesne West Gold Property and returned it to DAL. The joint venture is currently inactive.

During the year ended December 31, 2019, Globex had a payable to DAL of \$76,118 which was netted against the investment in joint venture and the portion relating to GJSL was repaid.

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **10. Investment in Joint Venture (Continued)**

A summary of the financial assets, liabilities and earnings for the respective period-ends follows.

	December 31, 2020	December 31, 2019
<b>Assets</b>		
Mineral property and deferred exploration expenses	\$ 27,206	\$ 27,206
<b>Liabilities</b>		
Due to Globex Mining Enterprises Inc.	869	-
Due to GJSL	869	-
<b>Current loss</b>	\$ (1,738)	\$ -

On October 3, 2019, Globex announced that it entered into an option agreement (the "Option Agreement") with DAL and GJSL under which GJSL has the right to subscribe for additional shares of DAL in the event of a change of control of Globex, as that term is defined in the Option Agreement. At present, Globex and GJSL each own 50% of the issued and outstanding shares of DAL. The Option Agreement was approved by Globex's independent directors.

### **11. Property, Plant and Equipment**

Cost	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer systems	Total
<b>Balance, December 31, 2018</b>	\$ 536,967	\$ 88,210	\$ 146,274	\$ 56,177	\$ 292,733	\$ 1,120,361
Additions	-	-	-	-	10,242	10,242
Dispositions	-	-	-	(56,177)	-	(56,177)
<b>Balance, December 31, 2019</b>	536,967	88,210	146,274	-	302,975	1,074,426
Additions	-	20,000	-	-	3,521	23,521
<b>Balance, December 31, 2020</b>	\$ 536,967	\$ 108,210	\$ 146,274	\$ -	\$ 306,496	\$ 1,097,947

Accumulated depreciation	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer systems	Total
<b>Balance, December 31, 2018</b>	\$ 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)
<b>Balance, December 31, 2019</b>	157,365	88,210	146,274	-	283,029	674,878
Depreciation during the year	13,838	1,000	-	-	18,537	33,375
<b>Balance, December 31, 2020</b>	\$ 171,203	\$ 89,210	\$ 146,274	\$ -	\$ 301,566	\$ 708,253

Carrying value	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer systems	Total
<b>Balance, December 31, 2019</b>	\$ 379,602	\$ -	\$ -	\$ -	\$ 19,946	\$ 399,548
<b>Balance, December 31, 2020</b>	\$ 365,764	\$ 19,000	\$ -	\$ -	\$ 4,930	\$ 389,694

During the year ended December 31, 2020, the Corporation sold an equipment for cash proceeds of \$5,000 (year ended December 31, 2019 - \$7,000) which resulted in a gain on sale of property and equipment of \$5,000 (year ended December 31, 2019 - \$7,000).

# GLOBEX MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

### 12. Payable and Accruals

	December 31, 2020	December 31, 2019
Trade payables and accrued liabilities	\$ 146,494	\$ 98,022
Sundry liabilities	39,338	32,134
	<b>\$ 185,832</b>	<b>\$ 130,156</b>

### 13. Loan Payable

On June 1, 2020 and December 15, 2020, the Corporation received a \$40,000 loan and a \$20,000 loan from a recognized Canadian financial institution from the Canada Emergency Business Account ("CEBA Loan"). The CEBA Loan bears 0% interest until December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. No principal payments required until December 31, 2022. Principal repayments can be voluntarily made at any time without fees or penalties. \$20,000 loan forgiveness is available, provided the outstanding balance is \$60,000 at December 31, 2020, and \$40,000 is paid back between April 1, 2021 and December 31, 2022. The loan was recognized at fair value based on an estimated market interest rate of 8% and expected repayment of \$60,000 on December 31, 2022. The Corporation made no interest payments during the year ended December 31, 2020. The difference between the loan amount of \$60,000 and the fair value of the loan of \$49,493 has been recognized as a deferred government grant to be recognized over the term of the loan. As at December 31, 2020, grant revenue in the amount of \$1,804 (year ended December 31, 2019 – \$nil) has been recorded in other income which represents the benefit of receiving an interest free-grant.

### 14. Other Liabilities

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

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 20.



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**GLOBEX MINING ENTERPRISES INC.****Notes to the Consolidated Financial Statements****December 31, 2020 and 2019****(Expressed in Canadian Dollars)**

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**15. Income Taxes****Income tax expense**

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Current tax expense	\$ 155,825	\$ 117,177
Recovery of income and mining duties as a result of the sale of tax benefits (flow-through shares)	(145,305)	(233,790)
	<b>\$ 10,520</b>	<b>\$ (116,613)</b>

**Tax expense reconciliation**

The recovery of income and mining taxes attributable to the loss before taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.6% (2019 - 26.6%) as a result of the following:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Loss before taxes</b>	<b>\$ 5,975,568</b>	<b>\$ (1,162,725)</b>
Combined tax rates	26.60%	26.60%
<b>Loss and mining tax provision calculated at combined rate</b>	<b>1,583,526</b>	<b>(309,285)</b>
Deferred tax expense related to flow-through shares	257,300	208,874
Non-taxable portion of gain on investments	(132,439)	-
Non-deductible expenses and other	(4,864)	62,111
Change in tax estimates	14,831	346,702
Tax benefits not recognised	(1,563,732)	(193,210)
Effect of tax rates of foreign jurisdictions	1,203	1,984
Federal Foreign Tax Credit	(159,297)	(229,983)
Foreign Taxes	159,297	229,984
<b>Income and mining tax provision</b>	<b>155,825</b>	<b>117,177</b>
Other liabilities (sale of tax benefits (flow-through shares))	(145,305)	(233,790)
<b>Income and mining tax provision related to continuing operations</b>	<b>\$ 10,520</b>	<b>\$ (116,613)</b>

At December 31, 2020, the Corporation had \$811,732 (December 31, 2019 - \$652,435) of federal foreign tax credits that expired between 2024 and 2030.

As at December 31, 2020, the Corporation had non-capital loss carry forwards in the United States totalling \$540,990 (December 31, 2019 - \$598,052) expiring between 2021 and 2040

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **15. Income Taxes (Continued)**

#### **Deferred tax balances**

	December 31, 2019	Recognized in income or loss	Recognized in equity	December 31, 2020
Deferred tax assets				
Non-capital losses	\$ 645,250	\$ (531,642)	\$ -	\$ 113,608
Share issuance costs	41,341	(19,300)	-	22,041
Property, plant and equipment	44,095	12,137	-	56,232
Resource related deductions	1,643,641	(874,417)	-	769,224
Restoration liabilities	70,573	2,650	-	73,223
Long-term debt	-	5,249	-	5,249
Investments	384,073	(132,439)	-	251,634
Capital losses	26,701	(26,701)	-	-
Foreign business income tax credits	810,462	730	-	811,192
	3,666,136	(1,563,733)	-	2,102,403
Deferred tax assets not recognized	(3,666,136)	1,563,733	-	(2,102,403)
Deferred tax assets	\$ -	\$ -	\$ -	\$ -

	December 31, 2018	Recognized in income or loss	Recognized in equity	December 31, 2019
Deferred tax assets				
Non-capital losses	\$ 579,246	\$ 66,004	\$ -	\$ 645,250
Share issuance costs	48,351	(7,010)	-	41,341
Property, plant and equipment	38,134	5,961	-	44,095
Resource related deductions	1,965,839	(322,198)	-	1,643,641
Restoration liabilities	-	70,573	-	70,573
Investments	367,831	16,242	-	384,073
Capital losses	17,610	9,091	-	26,701
Foreign business income tax credits	842,336	(31,874)	-	810,462
	3,859,347	(193,211)	-	3,666,136
Deferred tax assets not recognized	(3,859,347)	193,211	-	(3,666,136)
Deferred tax assets	\$ -	\$ -	\$ -	\$ -

### **16. Revenues**

Based on IFRS 15, Revenue from Contracts with Customers, management has concluded that its typical sale/option agreements with a customer (optionee/purchaser) clearly identifies; (a) the rights and obligations of both parties, (b) Globex performance obligations and (c) the overall transaction price.

Under the option arrangements, the control over the mineral properties occurs at the outset of the agreement while the transfer of title may not occur until after all of the option/sale terms have been satisfied.

Within the option agreements, Globex's performance obligations are to:

- (i) provide access to the mineral property to allow the customer the right to explore and assess a mineral property during an option period; and
- (ii) transfer the title to the mineral property after all of the option/sale terms have been completed.

As a result of the challenges of estimating future payments, Globex believes that it is appropriate to recognize option revenues as received. As a result of the limited number of contracts in place on an ongoing basis, Globex applies the five step model at the individual contract level.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 16. Revenues (Continued)

Payment terms are also clearly identified in the agreement, and usually include the following:

- (i) cash (upfront and pre-determined amounts at milestone dates);
- (ii) shares (upfront and a fixed number of shares at milestone dates). The shares are valued at the stock price on the date of the share certificate.

Once the option term is completed, and all commitments are met, Globex is also entitled to payments (in cash) relating to the Gross Metal Royalty ("GMR"). Under current accounting policies, net metal royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements. The Corporation will continue to apply the same methods and processes in recording this revenue.

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

	Year ended December 31,	
	2020	2019
Option income and advance royalties	\$ 6,650,077	\$ 1,191,995
Royalties	748,488	1,100,152
	<b>\$ 7,398,565</b>	<b>\$ 2,292,147</b>

In the year ended December 31, 2020, Globex reported option income and advances royalties of \$6,650,077 (year ended December 31, 2019 – \$1,191,995) which consisted of cash receipts of \$2,526,500 (year ended December 31, 2019 - \$500,000) and shares in optionee corporations with a fair market value of \$4,123,577 (year ended December 31, 2019 - \$691,995).

In 2020, Globex received the following option payments which were greater than 10% of option income and advance royalties:

- On July 2, 2020, Globex received a cash payment of \$500,000 from Electric Royalties Ltd. in connection with a number of non-core specialty mineral royalties. In addition, on July 13, 2020, Globex received 3,000,000 common shares with a fair value of \$795,000 from Electric Royalties Ltd.
- On August 12, 2020, Globex received a cash payment of \$50,000 from Starr Peak Exploration Ltd. in connection with the Normetal/Normetar copper, zinc and silver property, the Rousseau gold project and the Turgeon Lake gold property located in Northern Quebec. In addition, Globex received 1,200,000 common shares with a fair value of \$2,472,000.
- On August 26, 2020, Globex received a cash payment of \$1,606,000 from Eldorado Gold (Quebec) Inc. in connection with the sale of the Sigma East Property, Bourlamaque Twp., Quebec.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 16. Revenues (Continued)

In 2019, Globex received the following option payments which were greater than 10% of option income and advance royalties:

- 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.
- On March 27, 2019, Globex received 7,500,000 common shares with a fair market value of \$262,800 from Renforth Resources Inc. in connection with the option of Parbec Property, Malartic Twp., Quebec.
- On April 12, 2019, Globex received 1,745,408 common shares with a fair market value of \$191,995 from NSGold Corporation in connection with the option of Mooseland Gold Property, Nova Scotia.
- On September 23, 2019, Globex received a cash payment of \$100,000 from Excellon in connection with the options in Europe. On October 17, 2019, Globex received 226,837 common shares with a fair market value of \$225,000 from Excellon in connection with the options in Europe.
- On October 25, 2019, Globex received a cash payment of \$140,000 from Chalice Gold Mines (Quebec) Inc. in connection with the option of the Nordeau Property.

During the year ended December 31, 2020, Globex recorded metal royalty income of \$748,488 (year ended December 31, 2019 - \$1,100,152) from Nyrstar Mid-Tennessee Mines.

### 17. Expenses by Nature

	Year ended December 31,	
	2020	2019
<b>Administration</b>		
Office expenses	\$ 248,690	\$ 379,357
Conventions and meetings	40,015	41,719
Advertising and shareholder information	31,503	35,292
Transfer agent	10,896	29,439
Other administration	9,349	14,205
	<b>\$ 340,453</b>	<b>\$ 500,012</b>

	Year ended December 31,	
	2020	2019
<b>Professional fees and outside services</b>		
Investor relations	\$ 170,669	\$ 130,140
Management consulting	99,307	90,966
Audit and accounting fees	69,494	101,286
Other professional fees	57,811	26,070
Filing fees	28,248	26,196
Legal fees	26,388	47,601
	<b>\$ 451,917</b>	<b>\$ 422,259</b>

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **18. Exploration and Evaluation Expenditures**

	Year ended December 31,	
	2020	2019
<b>Ontario</b>		
Timmins Talc-Magnesite (Deloro)	\$ 6,352	\$ 18,795
Laguerre-Knutson (Hearst, McVittie twps)	192,409	22,870
Other projects	36,438	15,276
	<b>\$ 235,199</b>	<b>\$ 56,941</b>
<b>Quebec</b>		
Black Dog South (Stuart)	\$ -	\$ 5,463
Courville (Courville)	27,837	-
Depletion (Guyenne)	9,616	13,580
Discloflo (Desjardins)	1,967	14,553
Discovery North (Desjardins)	10,497	-
Eagle-Northwest (Joutel-Valrennes)	11,255	-
Fabie Bay / Magusi (Hebecourt, Montbray)	6,241	48,949
Francoeur (Beauchastel)	224,764	791,362
Gagné (Joutel)	9,377	-
Great Plains (Clermont)	4,477	980
Joutel (Joutel)	2,114	18,835
Kelly Lake (Blondeau)	7,291	17,370
Lac Fortune Gold Mine (Beauchastel)	104,498	-
Lac Ontario (St-Urbain)	165,630	28,290
Lac Savignac (Northern Quebec)	3,597	12,619
Lyndhurst (Destor/Poularies)	9,121	20,017
Mc Neely (Lacorne)	17,420	19,344
Moly Hill (La Motte)	4,654	18,697
Napping Dwarf (Glandelet)	13,716	-
Pandora-Wood & Central Cadillac (Cadillac)	94	10,418
Pyrox (Clairy)	8,062	3,407
Riviere Opinaka	62,199	-
Shortt Lake Mine	666	2,566
Silidor Mine	11,205	2,450
Smith-Zulapa-Vianor (Tiblemont)	13,914	12,852
Standard Gold (Duvernoy)	26,636	66,491
Tarmac (Dubuisson)	4,192	-
Tavernier Tiblemont (Tavernier)	39,308	-
Tonnancour (Tonnancour, Josselin)	61	23,812
Vauze (Dufresnoy)	10,063	-
Venus (Barraute)	40,945	-
Windfall East (Bressami)	-	12,837
Wrightbar Gold Mine (Bourlamaque)	4,848	-
Other projects	339,636	171,213
Quebec general exploration	268,756	197,562
	<b>\$ 1,464,657</b>	<b>\$ 1,513,667</b>

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**GLOBEX MINING ENTERPRISES INC.****Notes to the Consolidated Financial Statements****December 31, 2020 and 2019****(Expressed in Canadian Dollars)**

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**18. Exploration and Evaluation Expenditures (Continued)**

	Year ended December 31,	
	2020	2019
<b><u>Other regions</u></b>		
Nova Scotia	\$ 3,982	\$ 8,240
New Brunswick	877	4,465
Canada (others)	419	125
Europe	-	149,137
Other including Bell Mountain (USA)	772	1,523
	\$ 6,050	\$ 163,490
<b>Exploration and evaluation expenditures</b>	<b>\$ 1,705,906</b>	<b>\$ 1,734,098</b>

	Year ended December 31,	
	2020	2019
<b><u>Exploration and evaluation expenditures</u></b>		
Consulting	\$ 78,349	\$ 149,272
Core shack, storage and equipment rental	2,817	200
Drilling	175,126	157,773
Geology	2,750	5,938
Geophysics	200,562	151,612
Laboratory analysis and sampling	17,884	64,475
Labour	827,549	684,146
Line cutting	11,536	7,199
Mineral property acquisitions	176,411	90,953
Mining property tax, permits and prospecting	59,234	52,909
Rehabilitation	10,000	266,315
Reports, maps and supplies	29,813	49,424
Transport and road access	113,875	53,882
	\$ 1,705,906	\$ 1,734,098

(i) During the year ended December 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 year ended December 31, 2019, Globex acquired additional mineral rights in the Joutel gold and base metal mining camp of Quebec.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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

(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 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 Resources Inc. 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 April 15, 2019, Globex announced that 1,745,408 common shares were issued by NSGold Corporation pursuant to an Amendment dated March 19, 2019 to a Purchase Agreement dated April 14, 2010 between NSGold Corporation and Globex, whereby NSGold Corporation acquired 100% ownership of the Mooseland Gold Property in Nova Scotia and certain secondary properties from Globex. Pursuant to the Amendment, a GMR payable by NSGold Corporation to Globex on the properties was reduced from 4% to 2% and a share issuance by NSGold Corporation to Globex conditional upon commencement of commercial production on any of the properties was eliminated. As consideration for the Amendment, NSGold Corporation issued 1,745,408 common shares to Globex (the "Transaction").

Immediately prior to the closing of the Transaction, Globex did not hold any securities of NSGold Corporation. Immediately following the closing of the Transaction, Globex holds 1,745,408 common shares of NSGold Corporation, representing approximately 11.1% of the issued and outstanding common shares of NSGold Corporation.

(v) On July 23, 2019, Globex announced that it acquired 100% interest in the Standard Gold Property located in Duvernay Township, Quebec free and clear of any and all potential obligations, encumbrances or liabilities in exchange for 160,000 Globex common shares (valued at \$60,000).

(vi) On September 24, 2019, Globex announced that it optioned the Bräunsdorf Exploration License in Saxony Germany to Excellon. Under the terms of the agreement, Excellon will, over a three year period, pay Globex \$500,000 in cash payments and \$1,600,000 in Excellon stock (received - 226,837 shares valued at \$225,000). The first payment at signing and the second at the first anniversary are firm commitments totalling \$200,000 in cash (\$100,000 on signing (received) and \$100,000 at the first anniversary). Excellon will undertake Globex's current year property exploration obligation of \$500,000 and pay the final portion of the cost of geophysical surveys recently completed for Globex.

In addition, upon filing of a maiden independent mineral resource estimate, Excellon will make a one-time payment of \$300,000 to Globex and on the commencement of commercial production on any portion other property, and additional one-time payment of \$700,000.

Globex retains a 3.0% GMR on recovered precious metals and a 2.5% GMR on all other metals. Excellon may purchase 1% of Globex's 3% GMR on precious metals and 1% of Globex's 2.5% GMR on all other metals for a payment of \$1,500,000.

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **18. Exploration and Evaluation Expenditures (Continued)**

(vii) 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.

(viii) On July 2, 2020, the Corporation announced it acquired the final claim covering the southern half of the New Marlon Gold Mine property which consolidates the Silidor and New Marlon Mines assets located in Rouyn township, Quebec, immediately northwest and adjoining the town of Rouyn-Noranda.

(ix) On July 2, 2020, the Corporation sold a number of non-core specialty mineral royalties to a new energy centric royalty company, Electric Royalties Ltd. In exchange for the royalties or portions of royalties Globex will receive \$500,000 (received) and 3,000,000 Electric Royalties Ltd. shares (valued at \$795,000). Should the Authier Lithium deposit reach commercial production within 6 years of agreement, Globex will receive an additional \$250,000 cash payment adjusted for inflation.

(x) On July 7, 2020, the Corporation sold 91 claims totaling 4,960 hectares comprising of the Rosario, Lac Testard Ouest, Pyrox, Lac De Maurès Est, Claudette Zone, Boulder Lake, Boulder Gold, and Lac Chix properties located approximately 80 km north of Chibougamau, Quebec to Troilus Gold Corp. In exchange for 100% interest in the claims, Troilus Gold Corp. paid Globex 350,000 Troilus Gold Corp. common shares (valued at \$444,500) and granted Globex a 2% GMR, 1% of which may be purchased at any time for \$1,000,000.

(xi) On August 3, 2020, the Corporation sold 100% interest in the Normetal/Normetmar copper, zinc and silver property, the Rousseau gold project and the Turgeon Lake gold property located in Northern Quebec, to Starr Peak Exploration Ltd. In exchange, Globex will receive \$150,000 in cash payments (\$50,000 on signing (received), \$50,000 at 6 months and \$50,000 at one year), 1.2 million Starr Peak shares (valued at \$2,472,000) and a 2.5% GMR, 1% of which may be purchased by Starr Peak Exploration Ltd. prior to commercial production for \$1.5 million. Starr Peak Exploration Ltd. will acquire 100% interest in the properties subject to the royalty (GMR).

(xii) On August 18, 2020, the Corporation sold 100% interest in all 16 cell fractions of the Sigma East Property, located east of the Sigma Mine and 1 cell fraction, the Sigma 2 property, to Eldorado Gold Quebec Inc., a subsidiary of Eldorado Gold Corporation, for a single cash payment of \$1,606,000 (received). The Corporation also announced that it sold six cells in the Windfall mining camp to Osisko Mining Inc. In exchange for the cells, Osisko Mining Inc. has paid Globex \$100,000 in cash. Globex has retained a 2% GMR.

(xiii) On September 16, 2020, the Corporation announced that it acquired 15 claims (20 km north-northeast of Hartland, New Brunswick in Carleton County, covering the Grassville South manganese zone.

### **19. Income (Loss) Per Common 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 (loss) per common share is calculated by dividing the net income (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 stock options.

Diluted net income (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 income (loss) are assumed to be used to purchase common shares of the Corporation at the average market price during the period. Diluted income (loss) did not include the effect of options for the year ended December 31, 2019, as they are anti-dilutive.



# **GLOBEX MINING ENTERPRISES INC.**

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

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**(Expressed in Canadian Dollars)**

### **19. Income (Loss) Per Common Share (Continued)**

#### **Basic and diluted income (loss) per common share**

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

	Year ended December 31,	
	2020	2019
Numerator		
Income (loss) for the year	\$ 5,965,048	\$ (1,046,112)
Denominator		
Weighted average number of common shares - basic	54,648,981	52,921,952
Effect of dilutive shares		
Shares assumed to be repurchased	668,546	-
Weighted average number of common shares - diluted	55,317,527	52,921,952
Income (loss) per share		
Basic	\$ 0.11	\$ (0.02)
Diluted	\$ 0.11	\$ (0.02)

### **20. 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**

	December 31, 2020		December 31, 2019	
	Number of shares	Capital stock	Number of shares	Capital stock
<b>Fully paid common shares</b>				
Balance, beginning of year	54,389,852	\$ 55,901,915	52,078,077	\$ 55,685,745
Issued in connection with mineral property acquisition (i)(xiii)	250,000	68,750	160,000	60,000
Issued on exercise of options (ii)(iii)(iv)(v)(x)(xi)(xii)	395,000	178,683	65,000	23,381
Private placements - Flow-through shares (viii)(ix)	-	-	2,927,775	1,094,695
Share issuance costs (vi)(xiv)	-	(1,150)	-	(62,646)
Share repurchase (vii)(xv)	(30,435)	(31,281)	(841,000)	(899,260)
Balance, end of year	55,004,417	\$ 56,116,917	54,389,852	\$ 55,901,915

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **20. Share Capital (Continued)**

#### **Changes in capital stock (continued)**

##### ***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.

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

(ii) On September 25, 2020, 30,000 stock options with a fair value per share of \$0.296 were exercised at an exercise price of \$0.235 per share. Globex's shares closed at \$0.71 per share that date.

(iii) On September 25, 2020, 10,000 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 \$0.71 per share that date.

(iv) On October 19, 2020, 100,000 stock options with a fair value per share of \$0.1871 were exercised at an exercise price of \$0.34 per share. Globex's shares closed at \$0.69 per share that date.

(v) On October 28, 2020, 255,000 stock options with a fair value per share of \$0.1324 were exercised at an exercise price of \$0.285 per share. Globex's shares closed at \$0.68 per share that date.

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

(vi) During the year ended December 31, 2020, the share issuance costs totaled \$1,150.

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

(vii) During the year ended December 31, 2020, 30,435 commons shares were repurchased for cash consideration of \$17,632 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.

##### ***2019 issuances***

##### **Private placements**

(viii) 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 CEO of Globex, purchased 150,000 flow-through shares for a total consideration of \$60,000 in the private placement.

(ix) 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.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 20. Share Capital (Continued)

#### Changes in capital stock (continued)

##### *2019 issuances (continued)*

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

(x) 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.

(xi) 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.

(xii) 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**

(xiii) 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**

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

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

(xv) During the year ended December 31, 2019, 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.

#### Stock options

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

	December 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	(395,000)	0.29	(65,000)	0.24
Expired/cancelled	-	-	(1,277,500)	0.23
Granted (i)(ii)	355,000	0.69	1,300,000	0.35
Balance - end of period	2,830,000	\$ 0.41	2,870,000	\$ 0.36
Options exercisable	2,830,000	\$ 0.41	2,870,000	\$ 0.36

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **20. Share Capital (Continued)**

#### **Stock options (continued)**

(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.

(ii) On November 12, 2020, 210,000 stock options with a fair value per share of \$0.3542 were granted at an exercise price of \$0.69 per share. Globex's shares closed at \$0.67 per share on the day before. On December 14, 2020, 145,000 stock options with a fair value per share of \$0.3636 were granted at an exercise price of \$0.68 per share. Globex's shares closed at \$0.68 per share on the day before.

The following table summarizes information regarding the stock options outstanding and exercisable as at December 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	70,000	70,000	3.12	\$ 0.24
\$0.25 - \$0.29	10,000	10,000	3.17	0.29
\$0.30 - \$0.38	1,590,000	1,590,000	3.23	0.36
\$0.39 - \$0.43	720,000	720,000	0.56	0.39
\$0.44 - \$0.50	85,000	85,000	2.08	0.44
\$0.50 - \$0.69	355,000	355,000	4.90	0.69
	2,830,000	2,830,000	2.72	\$ 0.41

#### **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:

	December 31, 2020	December 31, 2019
Stock price	\$0.67	\$0.35
Expected dividend yield	Nil	Nil
Expected stock price volatility	64.60%	68.27%
Risk free interest rate	0.45%	1.36%
Expected life	5 years	5 years
Weighted average fair value of granted options	\$0.36	\$0.20

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **20. Share Capital (Continued)**

#### **Stock option (continued)**

During the year ended December 31, 2020, an expense of \$127,104 (year ended December 31, 2019 - \$257,571) related to share-based compensation costs has been recorded and presented separately in the consolidated statements of income (loss) and comprehensive income (loss).

#### **Restricted Share Unit Plan**

On April 11, 2012, the Board of Directors adopted a Restricted Share Unit Plan (the "RSU Plan") for the Corporation'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 Corporation 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 Corporation, on the other hand. A maximum of 600,000 common shares may be issued from treasury under the RSU Plan.

Under the RSU Plan, from time-to-time, the Board of Directors may, in its sole discretion, upon the recommendation of the Compensation Committee after consultation with the CEO of the Corporation, 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 Corporation for issuance under the Plan.

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

#### **Shareholders' Rights Plan**

On May 31, 2017, the Shareholders of the Corporation approved an amended and restated Shareholder Rights Plan (the "Amended Rights Plan"). On April 20, 2017, the TSX accepted notice for filing the Amended Rights Plan and on July 13, 2017, they confirmed that they were in receipt of all necessary documents needed to confirm their approval.

The Amended Rights Plan was adopted to: (i) provide shareholders and the Board of Directors time to consider and evaluate any take-over bid made for the outstanding shares of the Corporation; (ii) provide the Board of Directors with adequate time to identify, develop and negotiate value-enhancing alternatives to any such take-over bid made for the outstanding shares of the Corporation; (iii) encourage the fair treatment of shareholders in connection with any takeover bid for the outstanding shares of the Corporation; and (iv) generally prevent any person from acquiring beneficial ownership of or the right to vote more than 20% of the outstanding common shares of the Corporation (or where such person already owns more than 20% of the shares, from acquiring ownership of or right to vote any additional shares) while this process is ongoing or entering into arrangements or relationships that have a similar effect.

The Amended Rights Plan is designed to prevent the use of coercive and/or abusive take-over techniques and to encourage any potential acquirer to negotiate directly with the Board of Directors for the benefit of all of the Corporation's shareholders. In addition, the Amended Rights Plan is intended to provide increased assurance that a potential acquirer would pay an appropriate control premium in connection with any acquisition of the Corporation.

The Amended Rights Plan will provide the Board of Directors with time to review any unsolicited takeover bid that may be made and to take action, if appropriate, to enhance shareholder value. The Amended Rights Plan attempts to protect the Corporation's shareholders by requiring that all potential bidders comply with the conditions specified in the permitted bid provisions, failing which such bidders are subject to the dilutive features of the Amended Rights Plan. By creating the potential for substantial dilution of a bidder's position, the Amended Rights Plan encourages an offeror to proceed by way of a permitted bid or to approach the Board of Directors with a view to negotiation.

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 20. Share Capital (Continued)

#### Shareholders' Rights Plan (continued)

The Amended Rights Plan will require reconfirmation by the Corporation's shareholders at the annual meeting of shareholders to be held in 2021.

#### NCIB

On March 11, 2019, 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 2.15% of Globex's "public float" as of March 7, 2018, over a twelve-month period starting on March 12, 2018 and ending on March 11, 2019.

Under the renewal of NCIB, Globex will be entitled to repurchase for cancellation up to 1,000,000 common shares, representing 1.9% of Globex's "public float" as of March 1, 2019, over a twelve-month period starting on March 12, 2019 and ending on March 11, 2020. 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 year ended December 31, 2019, 841,000 common shares of Globex were purchased for cash consideration of \$244,325 in accordance with the NCIB completing the buyback. During the year ended December 31, 2020, 8,000 common shares of Globex were purchased for cash consideration of \$2,660 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.

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 year ended December 31, 2020, 22,435 common shares of Globex were purchased for cash consideration of \$14,972 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.

### 21. Related Party Information

	December 31, 2020	December 31, 2019
<b>Related party receivable</b>		
Jack Stoch Geoconsultant Limited ("GJSL")	\$ 62	\$ 1,084
Chibougamau Independent Mines Inc. ("CIM")	16,857	32,217
Duparquet Assets Limited	869	-
	<b>\$ 17,788</b>	<b>\$ 33,301</b>

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

As reflected in the consolidated statement of cash flows there was a net cash decrease of \$15,513 in the related party receivable balance during the year ended December 31, 2020 (year ended December 31, 2019 - decrease of \$101,349 in related party net payable balance).

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# LOBEX MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 21. 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 \$7,902 for the year ended December 31, 2020 (year ended December 31, 2019 - \$7,054) 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:

	Year ended December 31,	
	2020	2019
Management compensation		
Salaries and other benefits	\$ 179,992	\$ 179,810
Professional fees and outside services (i)	99,308	90,966
Fair value of share-based compensation	74,851	135,728
	<b>\$ 354,151</b>	<b>\$ 406,504</b>

(i) In the year ended December 31, 2020, management consulting fees of \$99,308 (year ended December 31, 2019 - \$90,966) were paid to the Chief Financial Officer and the Corporate Secretary. They were appointed on September 20, 2017. As at December 31, 2020, the balance due to Chief Financial Officer and Corporate Secretary is \$3,931 (December 31, 2019 - \$12,815) which is included in payables and accruals due under normal credit terms.

# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

### **22. Supplementary Cash Flows Information**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>Changes in non-cash working capital items</b>		
Accounts receivable	\$ (96,383)	\$ 121,045
Prepaid expenses and deposits	(69,121)	(26,709)
Current tax receivable	136,277	(149,617)
Payables and accruals	55,676	(60,760)
Current tax payable	-	(185,606)
	<b>\$ 26,449</b>	<b>\$ (301,647)</b>
<b>Non-cash financing and investing activities</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Disposal of mineral properties for investments	\$ 4,127,577	\$ 691,995
Restoration liabilities	10,000	266,315
Shares issued for mineral properties	68,750	60,000
	<b>\$ 4,206,327</b>	<b>\$ 1,018,310</b>
<b>Income taxes paid</b>		
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Income taxes paid	\$ -	\$ 469,392

### **23. Financial Instruments**

#### **Capital risk management**

The Corporation manages its share capital, warrants, contributed surplus and deficit as capital. The Corporation's objectives when managing capital are to safeguard the Corporation'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 corporation, 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 Corporation 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 Corporation issues shares, enters into joint venture property arrangements or disposes of properties.

The Corporation'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 Corporation's planned expenditures.

In order to facilitate the management of its capital requirements, the Corporation 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 Corporation 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 Corporation's overall strategy remains unchanged from 2019.



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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 23. Financial Instruments (Continued)

#### Capital risk management (continued)

The Corporation may need additional capital resources to complete or carry out its exploration and development plans beyond the next twelve months. The Corporation continually considers a number of options including the optioning and sale of properties as well as other financing activities.

#### Financial risk management objectives

The Corporation's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, equity market risk, currency risk and fair value measurements recognized in the consolidated statement of financial position.

##### (a) Credit risk

The Corporation had cash and cash equivalents as well as cash reserved for exploration which totaled \$4,772,492 as at December 31, 2020, (December 31, 2019 - \$2,850,512). 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.

The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents and cash reserved for exploration are in place with major Canadian financial institutions. 40% of accounts receivable should be reflected as an increase in credit risk but as a result of this amount not being significant to the consolidated financial statements as a whole, the increased credit risk has not been recorded as an expected credit loss.

The carrying amount of financial assets represents the Corporation's maximum credit exposure.

The maximum exposure to credit risk was:

	Notes	December 31, 2020	December 31, 2019
Cash and cash equivalents	5	\$ 4,772,492	\$ 1,610,513
Cash reserved for exploration	6	-	1,239,999
Investments	7	5,689,750	1,416,169
Accounts receivable (less taxes receivable)	8	169,488	91,591
Related party receivable	21	17,788	33,301
		<b>\$ 10,649,518</b>	<b>\$ 4,391,573</b>

The following is an aged analysis of the accounts receivable less taxes receivable:

	December 31, 2020	December 31, 2019
Less than 3 months	\$ 124,701	\$ 47,529
Greater than 3 months	48,896	48,171
Allowance for doubtful accounts	(4,109)	(4,109)
	<b>\$ 169,488</b>	<b>\$ 91,591</b>

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# **GLOBEX MINING ENTERPRISES INC.**

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

**December 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**

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### **23. Financial Instruments (Continued)**

#### **(b) Liquidity risk**

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation 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 Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

Contractual maturities of financial liabilities are as follows; payables and accruals less than one year; restoration liabilities over one year; and related party liabilities from future free cash flow.

#### **(c) Commodity price risk**

Commodity price risk arises from the possible adverse effect on current and future earnings due to fluctuations in commodity prices. The ability of the Corporation to develop its properties and the future profitability of the Corporation is directly related to these prices.

Globex is entitled to a GMR for zinc production from the Nyrstar Tennessee Gordonsville facility. Under this agreement, if the LME zinc sale price is at or above USD \$0.90 per pound, but below USD \$1.10 per pound, then the royalty is 1% GMR. If the LME zinc sale price is equal to or above USD \$1.10 per pound, then the royalty is 1.4% GMR. With a Zinc price at USD \$1.24 per pound at December 31, 2020, the Corporation believes that Zinc price would need to drop dramatically before having a significant impact on the profitability.

#### **(d) Equity market risk**

Equity market risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation 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 Corporation.

The Corporation currently holds investments in a number of optionee companies which are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets with a current fair market value of \$5,689,750 (December 31, 2019 - \$1,416,169). Based on the balance outstanding at December 31, 2020, a 10% increase or decrease would impact income and loss by \$493,586 (December 31, 2019 - \$122,853).

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# GLOBAL MINING ENTERPRISES INC.

## Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### 23. Financial Instruments (Continued)

#### (e) Currency risk

Globex receives US dollar GMR payments from to Nyrstar's Zinc operations in Tennessee if the Zinc price is greater than USD \$0.90 per pound. It is required to pay U.S. tax on these receipts. Globex's practice is to convert the U.S. dollars to Canadian dollars as the funds are received after retaining sufficient funds to meet its U.S. dollar tax obligations. The Corporation has not entered into any foreign currency contracts to hedge its exposure to the currency risk.

Assets and liabilities in foreign currency are as follows:

	December 31, 2020 USD	December 31, 2019 USD
Cash and cash equivalents	\$ 1,491,067	\$ 1,425,934
Accounts receivable	86,832	22,055
Reclamation bonds	112,132	112,132
	<b>\$ 1,690,031</b>	<b>\$ 1,560,121</b>

During the year ended December 31, 2020, Globex received royalty payments of \$748,488 (USD \$557,949) (2019 - \$1,100,152; USD - \$829,114) and recorded a current tax expense of \$216,230 (USD - \$161,185) (2019 - \$275,068; USD - \$207,279).

The following table shows the estimated sensitivity of the Corporation's financial instruments for the year ended December 31, 2020 from a change in U.S. dollars with all other variables held constant as at December 31, 2020:

Percentage of change in closing exchange rate	Impact on net loss from % increase in exchange rate	Impact on net loss from % decrease in exchange rate
2%	\$ 33,801	\$ (33,801)
4%	67,601	(67,601)
6%	101,402	(101,402)
8%	135,202	(135,202)
10%	169,003	(169,003)

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**GLOBEX MINING ENTERPRISES INC.****Notes to the Consolidated Financial Statements****December 31, 2020 and 2019****(Expressed in Canadian Dollars)**

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**23. Financial Instruments (Continued)****(f) Fair value measurements recognized in the statement of consolidated financial position**

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

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

<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total financial assets at fair value</b>
Financial assets				
Cash and cash equivalents	\$ 4,772,492	\$ -	\$ -	\$ 4,772,492
Investments	5,689,750	-	-	5,689,750
	<b>\$ 10,462,242</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,462,242</b>

There were no transfers between level 1, level 2 and level 3 during the year.

<b>December 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total financial assets at fair value</b>
Financial assets				
Cash and cash equivalents	\$ 1,610,513	\$ -	\$ -	\$ 1,610,513
Cash reserved for exploration	1,239,999	-	-	1,239,999
Investments	1,416,169	-	-	1,416,169
	<b>\$ 4,266,681</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,266,681</b>

There were no transfers between level 1, level 2 and level 3 during the year.

For all other financial assets and liabilities, the fair value is equal to the carrying value.

The fair values of the Corporation's cash and cash equivalents, cash reserved for exploration, accounts receivable, related party receivable, payables and accruals approximate their carrying values due to their short-term nature. The fair value of the Corporation's reclamation bonds approximates the carrying value since the carrying value is increased by the accrued interest earned during the year. Investments has been adjusted to reflect the fair market value at the period end based on quoted market rates. The fair value of the Corporation's loan payable approximates its carrying value since the carrying value is determined based upon discounted future cash flows, using a discount rate adjusted for the Corporation's own credit risk, that reflects current market conditions for instruments with similar terms and risks.

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# **GLOBEX MINING ENTERPRISES INC.**

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

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**(Expressed in Canadian Dollars)**

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### **24. Canada Emergency Wage Subsidy**

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria. The Corporation has determined that it has qualified for this subsidy. The Corporation has recognized the government grant as there is reasonable assurance that it will comply with the eligibility criteria. Included in salaries expense for the year ended December 31, 2020 is \$184,978 relating to the CEWS program in order to reduce the expense that the grant is intended to offset.

### **25. Subsequent Events**

(i) On February 2, 2021, the Company entered into an option agreement with High Tide Resources Inc. ("High Tide"). Globex granted to High Tide the option to acquire a 100% interest in the Lac Pegma Property, subject to a 2% GMR, in exchange for a total of \$10,000 in cash and 650,000 shares.

(ii) On February 9, 2021, the Company entered into an option agreement with Canada Silver Cobalt Works Inc. ("CCW"). Globex granted to CCW the option to acquire a 100% interest in the Massif du Nord Property, subject to a 2% GMR, in exchange for a total of \$75,000 in cash and share payments.

(iii) On February 16, 2021, the Corporation announced that it acquired a 100% interest in the Bald Hill Antimony Property located in Queens County, New Brunswick. The Bald Hill Antimony Property consists of 26 claims covering the Bald Hill antimony deposit and surrounding area. An additional eight claims adjoining Globex's Devils Pike gold deposit property was also acquired.

(iv) On March 11, 2021, the Corporation announced that it had agreed to sell its Mid-Tennessee Zinc Mines Royalty to Electric Royalties Inc. for the following consideration:

- \$250,000 for an exclusive 90-day due diligence and funding period by Electric Royalties. Should the sale transaction proceed on the terms agreed to below, this cash payment will be deducted from the final cash portion of the purchase price. Should the transaction not proceed, Globex will keep this initial cash payment.
- If the transaction proceeds, Electric Royalties will pay the following to Globex:
  - \$13,000,000 in a single cash payment;
  - 14,500,000 Electric Royalties shares with a current market value of \$5,220,000; and
  - \$1,000,000 as a future cash payment should the price of zinc rise to or above a price of \$2.00 USD per pound for at least 90 consecutive days.

In addition to the Mid-Tennessee Mines Zinc Royalty, Electric Royalties is acquiring a 1% GMR on Globex's 100% owned Glassville, New-Brunswick, manganese exploration property.

(v) Subsequent to December 31, 2020, 4,600 common shares of Globex were purchased for cash consideration of \$3,554 in accordance with the NCIB.