



## **INTERIM FINANCIAL REPORT**

# **THREE MONTHS ENDED MARCH 31, 2012 (UNAUDITED)**

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

Management has compiled the unaudited interim condensed consolidated financial report as of March 31, 2012 and 2011. The statements have not been audited or reviewed by the Company's auditors or any other firm of chartered accountants.

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

	Notes	March 31, 2012	March 31, 2011
<b>Continuing operations</b>			
<b>Revenues</b>	15	\$ 334,261	\$ 305,694
<b>Expenses</b>			
Salary		209,261	189,847
Administration		147,153	169,091
Professional fees and outside services		124,999	173,763
Depreciation and amortization		12,202	9,700
Share-based compensation and payments		76,118	-
Impairment of mineral properties and deferred exploration expenses	10, 11	76,536	61,140
Loss on foreign exchange		7,065	11,045
		<b>653,334</b>	<b>614,586</b>
<b>Loss from operations</b>		<b>(319,073)</b>	<b>(308,892)</b>
<b>Other income (expenses)</b>			
Gain on sale of investments		-	27,217
Interest income		4,163	7,890
Decrease in fair value of financial assets		(370,247)	(38,206)
Other		5,482	31,044
		<b>(360,602)</b>	<b>27,945</b>
<b>Loss before taxes</b>		<b>(679,675)</b>	<b>(280,947)</b>
<b>Income and mining taxes</b>	14	<b>(55,484)</b>	<b>(74,170)</b>
<b>Loss and comprehensive loss for the period</b>		<b>\$ (624,191)</b>	<b>\$ (206,777)</b>
<b>Loss attributable to:</b>			
Shareholders of the Company		<b>(624,191)</b>	<b>(206,777)</b>
		<b>(624,191)</b>	<b>(206,777)</b>
<b>Total comprehensive loss attributable to:</b>			
Shareholders of the Company		<b>(624,191)</b>	<b>(206,777)</b>
		<b>(624,191)</b>	<b>(206,777)</b>
<b>Loss per common share</b>			
Basic and diluted	16	\$ (0.03)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>		<b>22,732,560</b>	<b>21,163,952</b>
<b>Shares outstanding at end of period</b>		<b>22,751,241</b>	<b>22,027,675</b>

The accompanying notes are an integral part of these financial statements

**GLOBEX MINING ENTERPRISES INC.****Interim Condensed Consolidated Statements of Cash Flows**

(Unaudited - In Canadian dollars)

	Notes	March 31, 2012	March 31, 2011
<b>Operating activities</b>			
Loss and comprehensive loss for the period		\$ (624,191)	\$ (206,777)
Adjustments for:			
Disposal of mineral properties for shares		(20,000)	-
Decrease in fair value of financial assets		370,247	38,206
Depreciation and amortization		12,202	9,700
Foreign exchange rate variation on reclamation bond		2,181	2,790
Gain on sale of investments		-	(27,217)
Impairment of mineral properties and deferred exploration expenses		76,536	61,140
Amortization of bonds premium		-	597
Current tax expense		11,559	-
Deferred income and mining taxes		(67,043)	(74,170)
Income and mining taxes paid		(863)	-
Share-based compensation and payments		76,118	-
		460,937	11,046
Changes in non-cash operating working capital items	19	(465,043)	(111,206)
		(628,297)	(306,937)
<b>Financing activities</b>			
Issuance of share capital		6,250	274,100
Share capital issue costs		-	-
		6,250	274,100
<b>Investing activities</b>			
Deferred exploration expenses		(420,271)	(357,484)
Mineral properties acquisitions		(24,882)	(16,989)
Proceeds on mineral properties optioned		41,998	25,239
Proceeds on sale of investments		-	933,908
Acquisition of investments		-	(2,269)
Change in restricted cash		269,336	283,994
		(133,819)	866,399
Net increase (decrease) in cash and cash equivalents		(755,866)	833,562
Cash and cash equivalents, beginning of period		2,074,901	352,863
<b>Cash and cash equivalents, end of period</b>		<b>\$ 1,319,035</b>	<b>\$ 1,186,425</b>

Supplementary cash flow information (note 19)

The accompanying notes are an integral part of these financial statements

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

(Unaudited - In Canadian dollars)

	Notes	March 31, 2012	December 31, 2011
<b>Assets</b>			
Current assets			
Cash and cash equivalents	4	\$ 1,319,035	\$ 2,074,901
Investments	5	1,851,819	2,202,066
Accounts receivable	6	563,858	486,805
Refundable tax credit and mining duties	14	11,521	81,794
Prepaid expenses and deposits		110,796	130,258
		<b>3,857,029</b>	4,975,824
Restricted cash	7	641,636	910,972
Reclamation bonds	8	119,499	121,680
Properties, plant and equipment	9	513,466	525,668
Mineral properties	10	3,028,535	3,049,515
Deferred exploration expenses	11	12,255,083	11,907,484
		<b>\$ 20,415,248</b>	\$ 21,491,143
<b>Liabilities</b>			
Current liabilities			
Payables and accruals	12	\$ 220,975	\$ 698,700
Current income tax	14	322,844	312,148
		<b>543,819</b>	1,010,848
Other liabilities	13	163,185	234,693
Deferred tax liabilities	14	3,524,192	3,519,727
<b>Owners' equity</b>			
Share capital	17	50,300,653	50,288,153
Deficit		(37,801,683)	(37,177,492)
Contributed surplus - Equity settled reserve		3,685,082	3,615,214
		<b>16,184,052</b>	16,725,875
		<b>\$ 20,415,248</b>	\$ 21,491,143

The accompanying notes are an integral part of these financial statements

**GLOBEX MINING ENTERPRISES INC.****Interim Condensed Consolidated Statements of Equity**

(Unaudited - In Canadian dollars)

	<b>Three months ended</b>		Year ended
	<b>March 31,</b>		December 31,
	<b>2012</b>	2011	2011
<b>Common shares</b>			
Beginning of period	\$ 50,288,153	\$ 48,003,298	\$ 48,019,236
Issued on exercise of options	12,500	349,476	352,116
Fair value of shares issued under private placements	-	-	1,439,245
Shares issued in connection with a property acquisition	-	500,000	500,000
Share issuance costs, net of taxes of nil (2010 - \$28,031)	-	-	(22,444)
End of period	<b>50,300,653</b>	48,852,774	50,288,153
<b>Contributed surplus - Equity settled reserve</b>			
Beginning of period	3,615,214	3,335,456	3,335,456
Share-based compensation	37,468	-	355,694
Share-based payments	38,650	-	-
Fair value of stock options exercised	(6,250)	(75,376)	(75,936)
End of period	<b>3,685,082</b>	<b>3,260,080</b>	3,615,214
<b>Deficit</b>			
Beginning of period	(37,177,492)	(37,732,381)	(37,536,260)
Income (loss) attributable to shareholders	(624,191)	(206,777)	358,768
End of period	<b>(37,801,683)</b>	<b>(37,939,158)</b>	(37,177,492)
<b>Total Equity</b>	<b>\$ 16,184,052</b>	<b>\$ 14,173,696</b>	\$ 16,725,875

The accompanying notes are an integral part of these financial statements

# Notes to the Interim Condensed Consolidated Financial Statements

Periods ending March 31, 2012 and 2011

## 1. General business description

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

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

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

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

## 2. Basis of presentation

The interim condensed consolidated financial statements of the Company, are prepared in accordance with IAS 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, have been omitted or condensed. These financial statements include the financial results of the Company's interest in its subsidiaries and its joint venture.

These interim condensed consolidated financial statements were prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through the income statement. All financial information is presented in Canadian dollars.

These interim condensed consolidated financial statements have been prepared on a going-concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Company and management's current operating plans. The Company's Board of Directors approved these interim condensed consolidated financial statements for the periods ended March 31, 2012 and March 31, 2011 on May 14, 2012.

## 3. Summary of significant accounting policies

(a) These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2011. The disclosure contained in these interim condensed consolidated financial statements does not include all the requirements in IAS 1, "Presentation of Financial Statements" (IAS 1). Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2011.

**(b) New and amended standards not yet adopted:**

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

- Amendments to IAS 1, Presentation of Items of Other Comprehensive Income, introduce changes to the presentation of items of other comprehensive income that may be reclassified to income or loss in the future and are presented separately from items that would never be reclassified;
- Amendments to IAS 19, Employee Benefits, deal with the recognition of actuarial gains and losses recognized in other comprehensive income as well as the expected measurement and recording of the expected return on plan assets;
- IFRS 9, Financial Instruments, simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39, Financial Instruments: Recognition and Measurement. The new standard also provides for a fair value option in the designation of a non-derivative financial instruments and its related classification and measurement. IFRS 9 is effective from periods beginning January 1, 2015 with early adoption permitted;
- IFRS 10, Consolidated Financial Statements, builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company;
- IFRS 11, Joint Arrangements, establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled;
- IFRS 12, Disclosure of Interest in Other Entities, outlines the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities;
- IFRS 13, Fair Value Measurement, defines fair value, requires disclosures regarding fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

All of these standards are applicable to Globex with the exception of the Amendments to IAS 19 as the Company does not have a pension plan in place. None of these standards are expected to have a significant effect on the interim condensed consolidated financial statements of the Company. All of these standards are effective January 1, 2013 with the exception of IAS 1, which has a July 1, 2012 effective date and IFRS 9 which has a January 1, 2015 effective date. Early adoption is permitted. The Company did not early adopt.

#### 4. Cash and cash equivalents

	<b>March 31, 2012</b>	December 31, 2011
Bank balances	\$ 155,036	\$ 974,902
Short-term deposits	1,163,999	1,099,999
	<b>\$ 1,319,035</b>	<b>\$ 2,074,901</b>

#### 5. Investments

	<b>March 31, 2012</b>	December 31, 2011
Other equity investments	\$ 1,851,819	\$ 2,202,066

#### 6. Accounts receivable

	<b>March 31, 2012</b>	December 31, 2011
Trade receivables	\$ 460,223	\$ 366,539
Government taxes receivable	103,635	120,266
	<b>\$ 563,858</b>	<b>\$ 486,805</b>

#### 7. Restricted cash

	<b>March 31, 2012</b>	December 31, 2011
Bank balances	\$ 641,636	\$ 910,972

The Company raises flow-through funds for exploration under a subscription agreement which requires the Company to incur prescribed resource expenditures which are not available for current operating purposes and therefore are reported as restricted cash. If the Company does not incur the resource expenditures, then it will be required to indemnify these shareholders for any tax and other costs payable by them as a result of the Company not making the required resource expenditures.

#### 8. Reclamation bonds

	<b>March 31, 2012</b>	December 31, 2011
Nova Scotia bond - Department of Natural Resources	\$ 57,974	\$ 57,974
Option reimbursement	(50,000)	(50,000)
Net Nova Scotia bond	7,974	7,974
Washington State bond - Department of Natural Resources	111,525	113,706
	<b>\$ 119,499</b>	<b>\$ 121,680</b>

## 9. Properties, plant and equipment

	Land and buildings	Mining equipment	Office equipment	Vehicles	Computer Systems	Total
<b>Cost</b>						
December 31, 2010	\$ 415,112	\$ 33,390	\$ 145,419	\$ 23,462	\$ 197,789	\$ 815,172
Additions	-	47,920	855	32,715	16,091	97,581
Disposals	-	-	-	-	-	-
December 31, 2011	415,112	81,310	146,274	56,177	213,880	912,753
<b>Additions</b>	-	-	-	-	-	-
<b>Disposals</b>	-	-	-	-	-	-
<b>March 31, 2012</b>	<b>\$ 415,112</b>	<b>\$ 81,310</b>	<b>\$ 146,274</b>	<b>\$ 56,177</b>	<b>\$ 213,880</b>	<b>\$ 912,753</b>
<b>Accumulated depreciation</b>						
December 31, 2010	\$ (34,801)	\$ (29,636)	\$ (84,145)	\$ (18,597)	\$ (171,079)	\$ (338,258)
Additions	(13,179)	(5,544)	(12,269)	(3,154)	(14,681)	(48,827)
December 31, 2011	(47,980)	(35,180)	(96,414)	(21,751)	(185,760)	(387,085)
<b>Additions</b>	<b>(3,130)</b>	<b>(2,307)</b>	<b>(2,493)</b>	<b>(1,721)</b>	<b>(2,551)</b>	<b>(12,202)</b>
<b>March 31, 2012</b>	<b>\$ (51,110)</b>	<b>\$ (37,487)</b>	<b>\$ (98,907)</b>	<b>\$ (23,472)</b>	<b>\$ (188,311)</b>	<b>\$ (399,287)</b>
<b>Carrying value</b>						
December 31, 2011	\$ 367,132	\$ 46,130	\$ 49,860	\$ 34,426	\$ 28,120	\$ 525,668
<b>March 31, 2012</b>	<b>\$ 364,002</b>	<b>\$ 43,823</b>	<b>\$ 47,367</b>	<b>\$ 32,705</b>	<b>\$ 25,569</b>	<b>\$ 513,466</b>

## 10. Mineral properties

	Nova Scotia	Ontario	Quebec	Other	Total
December 31, 2010	\$ 42,356	\$ 40,671	\$ 2,824,009	\$ -	\$ 2,907,036
Additions	10,689	21,500	696,258	-	728,447
Recoveries	(22,631)	-	(563,337)	-	(585,968)
December 31, 2011	\$ 30,414	\$ 62,171	\$ 2,956,930	\$ -	\$ 3,049,515
<b>Additions</b>	-	-	<b>24,882</b>	-	<b>24,882</b>
<b>Impairment provisions</b>	<b>(868)</b>	<b>(14,400)</b>	<b>(28,596)</b>	-	<b>(43,864)</b>
<b>Recoveries</b>	-	-	<b>(1,998)</b>	-	<b>(1,998)</b>
<b>March 31, 2012</b>	<b>\$ 29,546</b>	<b>\$ 47,771</b>	<b>\$ 2,951,218</b>	<b>\$ -</b>	<b>\$ 3,028,535</b>

## 11. Deferred exploration expenses

	New Brunswick	Nova Scotia	Ontario	Quebec	Other	Total
December 31, 2010	\$ 17,541	\$ 160,825	\$ 2,784,904	\$ 5,418,957	\$ -	\$ 8,382,227
Additions	112,634	132,138	1,237,151	2,505,298	17,044	4,004,265
Impairment provisions	-	(6,322)	(7,900)	(344,226)	(17,044)	(375,492)
Recoveries	-	(27,628)	-	(75,888)	-	(103,516)
December 31, 2011	130,175	259,013	4,014,155	7,504,141	-	11,907,484
<b>Additions</b>	-	<b>10,683</b>	<b>212,890</b>	<b>196,698</b>	-	<b>420,271</b>
<b>Impairment provisions</b>	-	-	<b>(168)</b>	<b>(32,504)</b>	-	<b>(32,672)</b>
<b>Recoveries</b>	-	-	-	<b>(40,000)</b>	-	<b>(40,000)</b>
<b>March 31, 2012</b>	<b>\$ 130,175</b>	<b>\$ 269,696</b>	<b>\$ 4,226,877</b>	<b>\$ 7,628,335</b>	<b>\$ -</b>	<b>\$ 12,255,083</b>

### Deferred Exploration Expenses

	March 31, 2012	December 31, 2011
Balance - beginning of period	\$ 11,907,484	\$ 8,382,227
Current exploration expenses		
Consulting	125,661	789,965
Core shack, storage and equipment rental	9,655	80,257
Drilling	-	862,280
Environment	19,019	181,972
Geology	102,315	405,324
Geophysics	50,954	511,483
Laboratory analysis and sampling	9,408	244,046
Labour	52,006	359,202
Line cutting	35,190	163,433
Mining property tax and permits	5,723	79,275
Prospecting and surveying	-	131,601
Reports, maps and supplies	2,555	70,239
Transport and road access	7,785	125,188
Total current exploration expenses	420,271	4,004,265
Impairment provisions	(32,672)	(375,492)
Option revenue offset	(40,000)	(103,516)
	(72,672)	(479,008)
Current net deferred exploration expenses	347,599	3,525,257
Balance - end of period	\$ 12,255,083	\$ 11,907,484

## 12. Payables and accruals

	March 31, 2012	December 31, 2011
Trade payable and accrued liabilities	\$ 138,254	\$ 609,808
Sundry liabilities	82,721	88,892
	\$ 220,975	\$ 698,700

## 13. Other liabilities

	March 31, 2012	December 31, 2011
Balance, beginning of period	\$ 234,693	\$ 468,934
Additions during the periods <sup>(i)</sup>	-	390,755
Reduction related to the incurrence of qualified exploration expenditures	(71,508)	(624,996)
Balance, end of period	\$ 163,185	\$ 234,693

(i) The increase during 2011 represents the excess of the proceeds received from flow-through shares issued over the fair market value of the shares issued of \$390,755. The share issuances took place on:

- September 5, 2011, the Company entered into subscriber agreement to issue flow-through shares. On September 30, 2011, 490,566 flow-through common shares were issued at a price of \$2.65 per share for total proceeds of \$1,300,000 (fair market value - \$1,079,245).
- October 18, 2011, 200,000 flow-through common shares were issued at a price of \$2.65 per share for total proceeds of \$530,000 (fair market value - \$360,000).

## 14. Income taxes

### Income and mining tax expense (recovery)

	Three months ended	
	March 31, 2012	March 31, 2011
Current tax expense (recovery)		
Tax expenses for the current period	\$ 11,559	\$ -
Deferred tax provision (recovery) for income tax and mining duties	4,465	(74,170)
Recovery of income and mining taxes as a result of the sale of tax benefits (flow-through shares)	(71,508)	-
	(67,043)	(74,170)
	\$ (55,484)	\$ (74,170)

### Refundable tax credit and mining duties

	March 31, 2012	December 31, 2011
Quebec refundable tax credit	\$ -	\$ 59,617
Mining tax recoverable	11,521	22,177
	\$ 11,521	\$ 81,794

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

## Deferred tax balances

	December 31, 2011	Recognized in income or loss	Recognized directly in equity	Other	March 31, 2012
Temporary differences					
Deferred tax assets					
Non-capital losses carry forward	\$ 480,764	\$ (79,269)	\$ -	\$ -	\$ 401,495
Share issue expenses	32,539	(5,758)	-	-	26,781
Properties, plant & equipment	24,680	-	-	-	24,680
Financial assets at FVTPL	402,883	49,798	-	-	452,681
	940,866	(35,229)	-	-	905,637
Less valuation allowance	(329,820)	(49,798)	-	-	(379,618)
	611,046	(85,027)	-	-	526,019
Deferred tax liabilities					
Mining properties and deferred exploration expenses	(4,130,773)	80,562	-	-	(4,050,211)
Deferred tax liabilities	\$ (3,519,727)	\$ (4,465)	\$ -	\$ -	\$ (3,524,192)

## 15. Revenue

	Three months ended	
	March 31, 2012	March 31, 2011
Option income	\$ 169,252	\$ 99,761
Metal royalty income	165,009	205,933
	\$ 334,261	\$ 305,694

## 16. Income (loss) per share

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

## Basic and diluted loss per share

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

	Three months ended	
	March 31, 2012	March 31, 2011
Numerator		
Loss for the period	\$ (624,191)	\$ (206,777)
Denominator		
Weighted average number of common shares - basic	22,732,560	21,163,952
Effect of dilutive shares		
Stock options ("in the money") <sup>(i)</sup>	-	-
Weighted average number of common shares - diluted	22,732,560	21,163,952
Loss per share		
Basic and diluted	\$ (0.03)	\$ (0.01)

(i) The stock options are not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

## 17. Share capital

Common shares

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

**Changes in capital stock**

	March 31, 2012		December 31, 2011	
	Number of shares	Capital Stock	Number of shares	Capital Stock
Fully paid common shares				
Balance, beginning of period	22,726,241	\$ 50,288,153	21,018,008	\$ 48,019,236
Stock options exercised	25,000	12,500	851,000	352,116
Private placement	-	-	690,566	1,439,245
Shares issued in connection with a property acquisition	-	-	166,667	500,000
Share issuance costs	-	-	-	(22,444)
Balance, end of period	22,751,241	\$ 50,300,653	22,726,241	\$ 50,288,153

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

## Shareholders rights plan

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

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

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

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

## Stock options

Under the Company's stock option plan (the "Plan"), the Board of Directors may, from time to time, grant stock options to directors, officers, employees of and service providers to, the Company and its subsidiaries. Stock options granted under the Plan may have a term of up to ten years, as determined by the Board of Directors at the time of granting the stock options. At March 31, 2012, 229,600 options may be granted in addition to the common share purchase options currently outstanding (December 31, 2011 - 319,600).

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

	<b>March 31, 2012</b>		<b>December 31, 2011</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Balance - beginning of period	<b>2,112,900</b>	<b>\$ 1.39</b>	2,713,500	\$ 0.94
Exercised <sup>(i)</sup>	<b>(25,000)</b>	<b>0.25</b>	(851,000)	0.32
Granted - Directors and employees	-	-	250,400	2.61
Granted - Service providers	<b>50,000</b>	<b>1.39</b>	-	-
Balance - end of period	<b>2,137,900</b>	<b>\$ 1.40</b>	2,112,900	\$ 1.39
Options exercisable	<b>2,047,900</b>	<b>\$ 1.34</b>	2,022,900	\$ 1.33

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

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

Range of prices	Number of options outstanding	Number of options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$ 0.25 - 0.34	300,000	300,000	0.61	\$ 0.34
0.75 - 0.88	510,000	510,000	3.48	0.79
1.00 - 1.51	844,200	844,200	2.59	1.17
1.65 - 1.75	90,000	90,000	3.33	1.73
2.75 - 4.45	393,700	303,700	4.27	3.62
	2,137,900	2,047,900	2.80	\$ 1.34

### Stock-based compensation and payments

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

In April 2012, the Board of Directors amended the 2006 Stock Option Plan so as to increase the number of shares that can be issued thereunder from 1,500,000 to 2,500,000. The amendment of the 2006 Stock Option Plan is subject to the approval of the Toronto Stock Exchange ("TSX"). As the amendment to the 2006 Stock Option Plan involves an increase in the number of common shares that may issued, the TSX requires shareholder approval for the amendment. At the Company's annual meeting on June 1, 2012, management expects that the amendment will be approved and it will result in 1,229,600 options being available for future grants.

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

	Three month ended	
	March 31, 2012	March 31, 2011
Expected dividend yield	Nil	-
Expected stock price volatility	66.4%	-
Risk free interest rate	1.25%	-
Expected life	5 years	-
Weighted average fair value of granted options	\$ 0.77	-

During the period ending March 31, 2012, the total expense related to stock-based compensation costs and payments amounting to \$76,118 has been recorded and presented separately in the statements of Loss and Comprehensive Loss (March 31, 2011 - Nil).

## 18. Related party information

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

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

On March 5, 2012, Globex and Jack Stoch Geoconsultant Services Limited (company owned by Jack Stoch, President & CEO and Director of Globex) announced that they had entered into a Share Option Agreement dated March 2, 2012, which would allow Xmet Inc. to purchase 100% of the preferred and common shares of Duparquet Assets Ltd. ("DAL"). DAL, the owner of the Duquesne West and Ottoman Fault properties in the Abitibi region of Quebec, is owned 50% by Globex and 50% by Jack Stoch Geoconsultant Services Limited.

The share option agreement sets out two scenarios for Xmet to acquire 100% of DAL:

- (a) A cash payment of \$9 million payable within six months of signing of the Share Option Agreement, or
- (b) A cash payment of \$6.5 million payable within six months of signing of the agreement to immediately acquire a 75% interest plus the additional option to acquire the final 25%, good for a period of 4 years, at a price of \$2.5M in the first year, \$2.6M in the second year, \$2.7M in the third year and \$2.8M in the fourth year.

In both cases, Globex and Jack Stoch Geoconsultant Services Limited will retain the existing sliding scale Gross Metal Royalty from all production from the properties varying from 2% to 3% depending upon the price of gold at the time of production. Should Xmet Inc. not exercise and complete either of the above scenarios, then the existing mining option agreement will remain in place.

The following amounts are included in the consolidated financial statements as a result of the proportionate consolidation of Duparquet Assets Ltd.

	<b>March 31, 2012</b>	December 31, 2011
Non-current assets	\$ 600	\$ 600
Current liabilities	<b>(117,056)</b>	(140,110)
	<b>March 31, 2012</b>	March 31, 2011
Income	\$ 56,250	\$ 50,000
Expenses	<b>(10,696)</b>	(8,485)

### Other related party transactions

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

During the first quarter of 2012, the Company received laboratory and test services from Drinkard Metalox Inc. a related party through its ownership interests in Worldwide Magnesium Corporation and its ability to exercise influence through technology license agreements which totaled US\$1,474 (December 31, 2011 - US\$92,039).

### Management compensation

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

	Three month ended	
	March 31, 2012	March 31, 2011
Salary cost		
Salaries and other benefits	\$ 117,378	\$ 112,500

## 19. Supplemental cash flow information

### Changes in non-cash working capital items

	Three month ended	
	March 31, 2012	March 31, 2011
Accounts receivable	\$ (77,053)	\$ (38,227)
Quebec refundable tax credit and mining tax	70,273	-
Prepaid expenses	19,462	20,422
Accounts payable and accrued liabilities	(477,725)	(93,401)
	\$ (465,043)	\$ (111,206)

### Non-cash financing and investing activities

	Three months ended	
	March 31, 2012	March 31, 2011
Disposal of mineral properties for investments	\$ 20,000	\$ -
Transfer of contributed surplus to share capital on exercise of stock option	6,250	75,376
Share capital issuance for mineral properties acquisition	-	500,000
Current income tax payable	10,696	-
Refundable tax credit and mining tax	9,793	-

## 20. Financial instruments

### Capital risk management

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

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

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

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

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

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

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

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

## Financial risk management objectives

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

### (a) Credit risk

The Company had cash and cash equivalents as well as restricted cash which totalled \$1,960,671 as at March 31, 2012 (December 31, 2011 - \$2,985,873). These funds are subject to a combination of the \$100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"): CDIC, a federal Crown Corporation as well as a guarantee of \$1,000,000 provided by the Canadian Investors Protection Fund ("CIPF").

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

The maximum exposure to credit risk was:

	<b>March 31, 2012</b>	December 31, 2011
Cash and equivalents	\$ 1,319,035	\$ 2,074,901
Investments	1,851,819	2,202,066
Accounts receivable <sup>(i)</sup>	563,858	486,805
Refundable tax credit and mining tax	11,521	81,794
Restricted cash	641,636	910,972
	<b>\$ 4,387,869</b>	<b>\$ 5,756,538</b>

(i) Accounts receivable are made up of taxes receivable from government authorities and customer receivables.

### (b) Liquidity risk

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

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

Contractual maturities of financial liabilities are all under one year.

### (c) Equity market risk

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

The Company currently holds investments in a number of Optionee companies as well as a Canadian financial institution which are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets and currently these amount to \$1,851,819 (December 31, 2011 - \$2,202,066). Based on the balance outstanding at March 31, 2012, a 10% increase or decrease would impact income and loss by approximately \$185,000 (December 31, 2011 - \$220,000).

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

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

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

March 31, 2012	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Cash and cash equivalents	\$ 1,319,035	\$ -	\$ -	\$ 1,319,035
Restricted cash	641,636	-	-	641,636
Equity investments	189,670	1,662,149	-	1,851,819
Reclamation bonds	-	119,499	-	119,499
Total financial assets	\$ 2,150,341	\$ 1,781,648	\$ -	\$ 3,931,989

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

December 31, 2011	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Cash and cash equivalents	\$ 2,074,901	\$ -	\$ -	\$ 2,074,901
Restricted cash	910,972	-	-	910,972
Equity investments	514,566	1,687,500	-	2,202,066
Reclamation bonds	-	121,680	-	121,680
Total financial assets	\$ 3,500,439	\$ 1,809,180	\$ -	\$ 5,309,619

**21. Commitments and contingencies**

At year end, the Company had no outstanding commitments other than in the normal course of business other than its commitment to incur qualified exploration expenditures to meet its “flow-through” obligations as described in note 7. At this time, Management anticipates meeting that obligation and as a result, no additional provisions are required.