

Globex Mining

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Mineral property bank Globex Mining eyes further growth with its diversified, low-risk model

- A mineral property bank, which specializes in acquisitions
- Holds 168 diversified assets in favorable jurisdictions
- Revenue from options, sales and royalties
- Strong management team and no debt

That well-worn piece of investor advice, which recommends not putting "all your eggs in one basket" could have been written specifically for Globex Mining Enterprises Inc (TSX: GMX) (OTCMKTS:GLBXF) (G1MN-Frankfurt).

This interesting small-cap is described as an exploration, royalty and property bank and boasts no less than 168 assets. It owns all of them (along with all the company's equipment and office space), has around \$4 million in the bank, monthly revenue and no debt.

When it is suggested to Jack Stoch, president and CEO, that the company spreads itself too thinly he says: "That's what I'm trying to do!". He also says the company owns assets that span "half the period table".

Huge portfolio

Indeed, the Globex portfolio features the whole gambit of commodities from precious metals like gold and silver, to base metals like zinc. It is also home to specialty minerals projects.

The firm has 80 gold projects, 57 base metals properties and more than 29 specialty minerals projects, such as in bismuth, antimony, vanadium, feldspar and scandium, talc, magnesium oxide, titanium.

Globex makes its money in various ways. The main one is optioning out its projects, many of which have historical resources or clearly identified targets, to other junior mining firms, which pay Globex cash, shares, and royalties on production, and carry out exploration to earn their interests.

If they go all the way and earn 100% of a property, they then provide Globex with what's called a gross metal royalty (GMR), a concept invented by the firm, which sees an actual percentage (for example 3%) of the physical metal produced at the project go to Globex.

The firm has 53 royalties. These are payments to be made by firms from production at projects. One of Globex's assets, which has a royalty on, is now in production, namely the Mid-Tennessee zine mine owned by Nyrstar, which pays Globex a monthly amount.

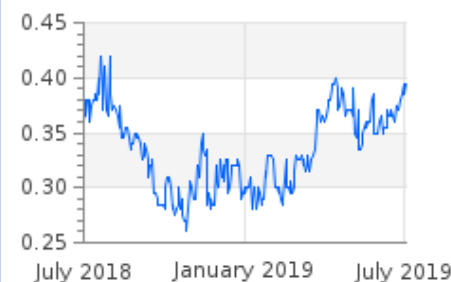
Stoch says two more projects, where he has a royalty, are projected to be coming into production in the next couple of years.

Globex is also a buyer and seller of properties. It may also hold onto them, sometimes for years, hence the 'bank' title, until they become desirable, or the market turns.

Price: C\$0.395

Market Cap: C\$21.13M

1 Year Share Price Graph



Share Information

Code: GMX

Listing: TSX

52 week High Low
C\$0.42 C\$0.25

Sector: General Mining - Gold

Website: www.globexmining.com

Company Synopsis:

Globex is a senior TSX, OTCQX and German listed junior exploration, royalty and property bank company. There are under 52 million shares issued and outstanding and there has never been a roll back. The board consists of senior exploration, mining and finance professionals.

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An example of this would be its cobalt assets, which has seen a resurgence of interest due to its use in batteries and electric vehicles or vanadium, which is used to make alloys and in construction.

"As long as there are technological advances like we are seeing now, all sorts of things that weren't in huge demand before, all of a sudden the market is looking around for them," he says.

Increasing asset base

Indeed, Stoch says buying up or staking assets has been the group's main tactic over the last half-decade or so because so many of them have been undervalued due to the depressed climate in the commodities market.

That tide is now turning he projects, as money returns to the market and companies (and investors) are once again looking to invest in quality properties.

"I have properties I've held for ten years, waiting for market conditions to change, some for a month," he said, highlighting a potassium feldspar property (with a historical non Ni 43-101 compliant resource of over 30M tonnes) he picked up by staking for a nominal amount. Potassic feldspar is used in tempered glass and two of the larger mines in the US closed as they ran out of ore and it is now being imported from Europe.

He sold the property very quickly soon after to another junior for US\$100,000 and several million shares and a 2.5% GMR. That's quite a good mark-up.

Of course, some projects work out better than others. "This is a high-risk business but with the large number of projects we have, some of them are going to make it and we're not putting in the high-risk dollars," says Stoch, pointing out that the risk is balanced as Globex is not spending much of its own money on exploration in comparison to what optioning partners spend.

That said, the company does sometimes explore its own projects too. For example, it is drilling nine holes at the Francoeur-Arntfield gold project in Quebec, where it has come up with a new geological model. If successful in this, Stoch reckons the property will be optioned out.

It is also surveying on the ground miles away from its usual haunts in the US and Canada at a silver project in Saxony, Germany -- an area which has been mined sporadically for 750 years but has never had modern exploration or mining techniques brought to it. Previous pick and shovel mining over the 750 year period produced about \$500 million in today's dollars of silver.

It hopes to potentially kick off drilling at the property at some point, and with about \$4 million in the bank in cash and shares, it has plenty of firepower to do so.

Globex is no newcomer to the mining scene. Back in 1987, Stoch said it was a shell company and he was reported to be the largest private mineral rights holder in the province of Quebec. A broker then convinced him of the merits of taking the company public.

Back then, the firm held just one property but since Stoch has just been gradually adding more and more.

Management know-how

Management is steeped with geological know-how. Director Ian Atkinson also sits on the board at Kinross and was previously president and CEO at Centerra Gold before retiring in

2015, while another director Hans van Hoof is a director, president and CEO of NSX Silver Inc and executive chairman of NS Gold Corporation.

Stoch, who owns around 11% of Globex, earned his BSc in geology in 1972 and in 1976, started acquiring and vending exploration projects through his own consulting business. His wife Dianne is a director of Globex and was previously chief financial officer and treasurer.

Results for the year to end December in 2018 showed solid revenue, but the group posted a net loss, mainly due, explains Stoch, to the value of shares it holds in other companies declining due to the difficult mining environment and the zinc price collapse, which hit its Nyrstar zinc royalty hard.

He hopes though that picture will change in 2019 as the mining sector becomes more buoyant and the potential zinc price rises at Mid Tennessee mines, where production levels are expected to rise after changes at the mine have been made and indeed the February payment is higher.

So, with its thumbs in many pies to spread risk, including commodity projects which look set to boom amid today's green and technological advances, and as the mining sector improves, small-cap Globex could certainly be a firm which picks up the pace in forthcoming years.

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