

# **GUARDIAN EXPLORATION INC.**

## **Financial Statements**

**For the Years Ended December 31, 2023 and 2022**

To the Shareholder of Guardian Exploration Inc.:

### Opinion

We have audited the financial statements of Guardian Exploration Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss and negative cashflows during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficiency. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brad Frampton.

Calgary, Alberta

March 12, 2024

*MNP LLP*

Chartered Professional Accountants

**GUARDIAN EXPLORATION INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31,**

*(All amounts in Canadian dollars unless indicated otherwise)*

	2023	2022
<b>Assets</b>		
Current assets		
Cash	\$ 9,513	\$ 1,639
Deposits and prepaid expenses	\$ 45,021	\$ 15,110
	\$ 54,534	\$ 16,749
Deposits (Note 4)	\$ 166,208	\$ 163,803
Property and equipment (Note 5)	\$ 370,130	\$ 370,130
<b>Total assets</b>	<b>\$ 590,872</b>	<b>\$ 550,682</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 476,880	\$ 439,472
Flow-through share liability (Note 10)	\$ -	\$ 195,980
Loans from related parties (Note 6)	\$ 623,432	\$ 183,288
	\$ 1,100,312	\$ 818,740
CEBA loan (Note 7)	\$ -	\$ 45,631
Decommissioning liabilities (Note 8)	\$ 188,231	\$ 237,875
<b>Total liabilities</b>	<b>\$ 1,288,543</b>	<b>\$ 1,102,246</b>
<b>Shareholders' deficiency</b>		
Share capital (Note 10)	\$ 17,876,561	\$ 17,876,561
Warrants (Note 10)	\$ 160,655	\$ 160,655
Contributed surplus (Note 10)	\$ 5,760,551	\$ 5,751,045
Deficit	\$ (24,495,438)	\$ (24,339,825)
<b>Total shareholders' deficiency</b>	<b>\$ (697,671)</b>	<b>\$ (551,564)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 590,872</b>	<b>\$ 550,682</b>

Going concern (Note 1)  
Commitments and contingencies (Note 11)  
Letter of intent (Note 16)

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

**Approved on behalf of the Board of Directors**

"Graydon Kowal"  
Graydon Kowal  
Director

"Kevin Flaherty"  
Kevin Flaherty  
Director

**GUARDIAN EXPLORATION INC.**  
**STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31**

*(All amounts in Canadian dollars unless indicated otherwise)*

	2023	2022
<b>Expenses</b>		
Operating	\$ 148,369	\$ 16,319
General and administrative	\$ 205,034	\$ 288,851
Accretion (Note 7,8)	\$ (16,828)	\$ 40,680
Interest	\$ 18,369	\$ 3,831
Interest income	\$ (2,436)	\$ (878)
Government grant (Note 5)	\$ -	\$ (40,000)
Gain on settlement of accounts payable (Note 15)	\$ -	\$ (18,389)
Loss on debt settlement (Note 10)	\$ -	\$ 878,148
Gain on government grant (Note 7)	\$ (10,421)	\$ -
Share-based compensation (Note 10)	\$ 9,506	\$ 374,701
	\$ 351,593	\$ 1,543,263
Deferred tax recovery (Note 9)	\$ (195,980)	\$ -
<b>Net loss and comprehensive loss</b>	<b>\$ (155,613)</b>	<b>\$ (1,543,263)</b>
<b>Net loss per share</b>		
Basic and diluted (Note 10)	\$ (0.00)	\$ (0.02)

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

**GUARDIAN EXPLORATION INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**  
**FOR THE YEARS ENDED DECEMBER 31**

*(All amounts in Canadian dollars unless indicated otherwise)*

	2023		2022	
<b>Share capital</b>				
Balance, beginning of year	\$	17,876,561	\$	15,868,642
Share capital additions (Note 10)	\$	-	\$	2,007,919
Balance, end of year	\$	17,876,561	\$	17,876,561
<b>Warrants</b>				
Balance, beginning of year	\$	160,655	\$	160,655
Balance, end of year	\$	160,655	\$	160,655
<b>Contributed surplus</b>				
Balance, beginning of year	\$	5,751,045	\$	5,376,344
Share-based compensation (Note 10)	\$	9,506	\$	374,701
Balance, end of year	\$	5,760,551	\$	5,751,045
<b>Deficit</b>				
Balance, beginning of year	\$	(24,339,825)	\$	(22,796,562)
Net loss for the year	\$	(155,613)	\$	(1,543,263)
Balance, end of year	\$	(24,495,438)	\$	(24,339,825)
<b>Total shareholders' deficiency</b>	\$	(697,671)	\$	(551,564)

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

**GUARDIAN EXPLORATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**  
*(All amounts in Canadian dollars unless indicated otherwise)*

	2023	2022
<b>Cash flows provided by (used in):</b>		
<b>Operating activities</b>		
<b>Net loss</b>	<b>\$ (155,613)</b>	<b>\$ (1,543,263)</b>
Items not affecting cash:		
Accretion and changes in estimate (Note 8)	<b>\$ (21,619)</b>	<b>\$ 35,891</b>
Gain on settlement of accounts payable (Note 15)	<b>-</b>	<b>(18,389)</b>
Gain on government grant (Note 7)	<b>(10,421)</b>	<b>-</b>
Loss on debt settlement (Note 10)	<b>-</b>	<b>878,148</b>
Share-based compensation (Note 10)	<b>9,506</b>	<b>374,701</b>
Interest	<b>18,369</b>	<b>3,831</b>
Accretion of CEBA loan (Note 7)	<b>4,790</b>	<b>4,789</b>
Deferred tax recovery	<b>(195,980)</b>	<b>-</b>
Changes in non-cash working capital (Note 13)	<b>(13,277)</b>	<b>(21,466)</b>
<b>Cash used in operating activities</b>	<b>\$ (364,245)</b>	<b>\$ (285,758)</b>
<b>Investing activities</b>		
Acquisition of property (Note 5)	<b>\$ -</b>	<b>\$ (51,130)</b>
<b>Cash used in investing activities</b>	<b>\$ -</b>	<b>\$ (51,130)</b>
<b>Financing activities</b>		
Repayment of CEBA loan (Note 7)	<b>(40,000)</b>	<b>-</b>
Payment of decommissioning liabilities (Note 8)	<b>(28,025)</b>	<b>(34,732)</b>
Net proceeds on loans from related parties (Note 6)	<b>440,144</b>	<b>185,891</b>
<b>Cash provided by financing activities</b>	<b>\$ 372,119</b>	<b>\$ 151,159</b>
<b>Change in cash</b>	<b>\$ 7,874</b>	<b>\$ (185,729)</b>
<b>Cash, beginning of year</b>	<b>\$ 1,639</b>	<b>\$ 187,368</b>
<b>Cash, end of year</b>	<b>\$ 9,513</b>	<b>\$ 1,639</b>

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

**GUARDIAN EXPLORATION INC.**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
*(All amounts in Canadian dollars unless indicated otherwise)*

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**1. GENERAL BUSINESS DESCRIPTION AND ABILITY TO CONTINUE AS A GOING CONCERN**

Guardian Exploration Inc. (the "Corporation") is engaged in the exploration and development of oil, natural gas and mineral properties in Western North America. The Corporation's registered office is 1250, 639 – 5<sup>th</sup> Avenue SW, Calgary, Alberta, Canada and the principal place of business is 538 Hurricane Drive, Calgary, Alberta, Canada, T3Z 3S8. The Corporation is listed on the TSX Venture Exchange under the trading symbol "GX" as well as on the Frankfurt Exchange (Frankfurt: R6B) and the OTCQB marketplace (OTC: GXUSF).

**Going concern**

These financial statements as at and for the years ended December 31, 2023 and 2022 have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

For the year ended December 31, 2023, the Corporation reported a net loss of \$155,613 (2022 - \$1,543,263), and negative cash flows from operations of \$364,245 (2022 - \$285,758) and as at December 31, 2023, the Corporation had a working capital deficiency of \$1,045,778 (2022 - \$801,991). These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation's ability to continue as a going concern. If the going concern assumption is not appropriate, adjustments may be necessary to the carrying amounts and classification of the Corporation's assets and liabilities. These financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

**2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

**(a) Statement of compliance**

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of January 1, 2023.

These financial statements were approved and authorized for issue by the Board of Directors March 12, 2024.

**(b) Basis of measurement**

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies.

**(c) Functional and presentation currency**

These financial statements have been presented in Canadian dollars, which is the Corporation's functional currency.

**(d) Significant accounting judgments, estimates and assumptions**

The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, as at the reporting date and the reported amounts of revenues and expenses during the year. Accordingly, actual results may differ from these estimates. Estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**GUARDIAN EXPLORATION INC.**  
**Notes to the Financial Statements**  
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The following discussion sets forth management's significant judgments, estimates and assumptions made in the preparation of these financial statements:

*Critical judgments in applying accounting policies*

The following are the critical judgments that management has made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

*(i) Going concern*

Management has applied judgements in the assessment of the Corporation's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

*(ii) Identification of cash-generating units*

Property and equipment is aggregated into cash-generating-units ("CGUs") based on the ability to generate largely independent cash flows and are used for impairment testing. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Corporation's operations.

*(iii) Impairment of petroleum and natural gas assets*

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs to sell or value-in-use calculations. The key estimates the Corporation applies in determining the recoverable amount normally include estimated future commodity prices, expected production volumes, future operating and development costs, discount rates, tax rates, and refining margins. In determining the recoverable amount, management may also be required to make judgments regarding the likelihood of the occurrence of a future event. Changes to these estimates and judgments will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

*(iv) Deferred taxes*

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit and loss in the period in which the change occurs.

*Key sources of estimation uncertainty:*

The following are the key estimates and their assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

*(i) Decommissioning liabilities*

The calculation of decommissioning liabilities and related accretion expense includes management's estimates of current risk-free interest rates, future inflation rates, future restoration and reclamation expenditures and the timing of those expenditures. In most instances, removal of assets occurs many years in the future.

**GUARDIAN EXPLORATION INC.**  
**Notes to the Financial Statements**  
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*(All amounts in Canadian dollars unless indicated otherwise)*

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*(ii) Taxes*

The amounts recorded for deferred tax assets are based on management's estimate as to the timing of the reversal of temporary differences and tax rates currently substantively enacted and the likelihood of tax assets being realized. The availability of tax pools and other deductions are subject to audit and interpretation by taxation authorities.

*(iii) Interest rate on CEBA loan*

The CEBA loan is measured at fair value based on management's best estimate of the effective interest rate at initial recognition.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies below have been applied consistently to all years presented in these financial statements.

*(a) Cash*

Cash consists of balances on deposit with financial institutions.

*(b) Decommissioning liabilities*

The Corporation's core activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category unless it arises from the normal course of production activities, in which case it is recognized in profit or loss.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation timing or change in discount rates. The increase in the provision due to the passage of time is recognized as accretion expense whereas increases/decreases due to changes in the estimated future cash flows are capitalized (unless the obligating event was related to production activities). Actual costs incurred upon settlement of the site restoration obligation are charged against the provision to the extent the provision was established.

The interest rate used to discount future costs is a risk-free rate over the period to when the costs are expected to be incurred.

*(c) Impairment of non-financial assets*

The carrying amounts of the Corporation's non-financial assets are reviewed for indicators of impairment and facts and circumstances that suggest that the carrying amount exceeds the recoverable amount at each reporting date. If indicators of impairment exist, the recoverable amount of the asset is estimated to determine the amount of impairment.

For the purposes of assessing impairment, property and equipment are grouped into CGUs defined as the lowest levels for which there are separately identifiable independent cash inflows.

The recoverable amount of a CGU is the greater of its fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction between knowledgeable and willing parties. Fair value less costs of disposal may be determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs and including future development costs. These cash flows are discounted at an appropriate discount rate which would be applied by a market participant. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the cash-generating unit in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

**GUARDIAN EXPLORATION INC.**  
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An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in profit or loss in the period in which they are determined.

The fair value less costs of disposal values used to determine the recoverable amounts of property and equipment are classified as Level 3 fair value measurements as they are not based on observable market data.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

**(d) Provisions and contingent liabilities**

Provisions are recognized by the Corporation when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

**(e) Taxes**

Taxes are comprised of current and deferred taxes. Tax expense (recovery) is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss. Current taxes are the expected taxes payable on the taxable income for the year plus any adjustment to taxes payable in respect of previous years.

Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences including carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred taxes are not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**(f) Flow-through shares**

Under Canadian income tax legislation, a corporation is permitted to issue shares whereby the Corporation agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the Corporation allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

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*(All amounts in Canadian dollars unless indicated otherwise)*

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The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. In situations where there is an absence of compelling evidence supporting a comparable value of the underlying shares, the Corporation allocates management's estimate of the prevailing flow-through premium in current market conditions at the time of issuance to the sale of tax benefits. The amount which is allocated to the sale of tax benefits is recorded as a liability and is reversed proportionately and recognized as after-tax income when the tax benefits are renounced. The tax effect of the renunciation is recorded at the time the Corporation makes the renunciation, which may differ from the effective date of renunciation and on renunciation the value of the tax assets renounced is recorded as a deferred tax expense.

(g) Loss per share

Loss per share is calculated by dividing loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a net loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

(h) Share-based compensation

Share options granted to directors, officers, employees and consultants of the Corporation are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the option at the grant date using the Black-Scholes option pricing model.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When share options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

The Corporation measures share-based payments to non-employees at the fair value of the goods or services received at the date of receipt of the goods or services. If the fair value of the goods or services cannot be measured reliably, the value of the options is measured using the Black-Scholes option pricing model.

(i) Financial instruments

The following table summarizes the classification of the Corporation's financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

Financial instrument	Classification
Cash	FVTPL
Prepays	Amortized cost
CEBA Loan	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans from related parties	Amortized cost

Financial assets

The classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**GUARDIAN EXPLORATION INC.**  
**Notes to the Financial Statements**  
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*(All amounts in Canadian dollars unless indicated otherwise)*

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- Financial assets at fair value through other comprehensive income ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.
- Financial assets are initially measured a fair value and are subsequently measured at amortized cost using the effective interest method, or at FVOCI or at FVTPL.
- Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statements of loss and comprehensive loss.
- Financial liabilities measured at FVTPL: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the statements of loss and comprehensive loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss and comprehensive loss.

Impairment of financial assets

At each reporting date, the Corporation assesses whether a financial asset or group of financial assets is impaired under the expected credit loss ("ECL") model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting date ("12-month ECL"), or (ii) ECLs that result from all possible default events over the expected life of a financial instrument ("lifetime ECLs").

For short-term trade and other receivables, the Corporation applies the simplified approach and has calculated ECLs based on lifetime ECLs. Where information exists, the Corporation establishes a loss rate based on historical normalized credit loss experience. The loss rate is based on the payment profiles and aging of trade receivables and is adjusted to reflect current and forward-looking information on macroeconomic factors.

The amortized cost of the financial asset is reduced by impairment losses at an amount equal to the lifetime expected credit losses. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the statements of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

(d) Equity instruments

The Corporation's outstanding common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

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(e) Joint arrangements

A portion of the Corporation's exploration activities is conducted jointly with others whereby the Corporation enters into agreements that provide for specified percentage interests in petroleum and natural gas properties and exploration and evaluation assets. These joint arrangements are classified as either a joint operation or a joint venture depending on the rights and obligations of the parties to the arrangement. Joint operations are accounted for by recognizing the Corporation's share of any assets, liabilities, revenue and expenses of the joint operation and joint ventures are accounted for using the equity method.

**4. DEPOSITS**

Deposits include an abandonment and reclamation deposit in the amount of \$50,208 (2022 - \$47,803) with Alberta Energy Regulator and a deposit of \$116,000 (December 31, 2022 - \$116,000) with the British Columbia Oil and Gas Commission.

**5. PROPERTY AND EQUIPMENT**

<b>Cost</b>	<b>Mining Assets</b>	<b>Total</b>
Balance at December 31, 2021	\$ 274,000	\$ 274,000
Additions	\$ 96,130	\$ 96,130
Balance at December 31, 2022	\$ 370,130	\$ 370,130
Additions	-	-
<b>Balance at December 31, 2023</b>	<b>\$ 370,130</b>	<b>\$ 370,130</b>
<b>Accumulated depreciation</b>		
Balance at December 31, 2021	\$ -	\$ -
Balance at December 31, 2022	\$ -	\$ -
<b>Balance at December 31, 2023</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net book value:</b>		
At December 31, 2021	\$ 274,000	\$ 274,000
At December 31, 2022	\$ 370,130	\$ 370,130
<b>At December 31, 2023</b>	<b>\$ 370,130</b>	<b>\$ 370,130</b>

On February 26, 2021, the Corporation completed the acquisition (the "Acquisition") from DG Resources Management Ltd. ("DGM") and Graydon Kowal ("Kowal" and together with DGM, the "Vendors") of their interests in and to a mining property known as the Mount Cameron Property located in the Mayo Mining District in the Yukon (the "Assets").

In consideration for the Assets, the Corporation issued 4,000,000 Common Shares in the share capital of the Corporation to the Vendors and a 2% Net Smelter Royalty, which Net Smelter Royalty shall be repurchaseable by the Corporation from the Vendors at a price of \$1,000,000 for a period of five years. The Corporation also assumed debt in the amount of \$50,000 owed by Graydon Kowal to Dahrouge Geological Consulting Ltd. (an affiliate of DGM) and debt in the amount of \$10,000 owed by DGM to Dahrouge Geological Consulting Ltd. (the "Debt Assumption"). The debt assumed by the Corporation bears no interest and is payable in increments of \$15,000 semi-annually until repaid. During the year ended December 31, 2021, Graydon Kowal assumed the Debt in exchange for a non-interest-bearing promissory note.

In conjunction with the Acquisition, the Corporation completed a private placement as described in Note 10. The Corporation intends to use the proceeds from the private placement to fund the proposed work program for the Assets. Proceeds will be used for expenditures which qualify as "Canadian exploration expenses" ("CEE") and "flow-through mining expenditures" both within the meaning of the Income Tax Act (Canada). The Corporation will renounce such CEE in accordance with the rules and regulations of the Income Tax Act (Canada).

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On February 4, 2022, the Corporation announced that it executed an agreement (the “Asset Purchase Agreement”) with Dennis Moore (“Moore”) for the purchase (the “Acquisition”) of Moore’s interests in certain mineral claims primarily located within the Tongass National Forest, Alaska, USA, known to the parties as the Kaigani claims (the “Assets”). The purchase price for the Assets will be satisfied through issuance of 1,000,000 Common Shares in the share capital of the Corporation, a cash payment of US\$35,000 and a 1.5% Net Smelter Royalty. The Corporation will be entitled to buy back one-half of the Net Smelter Royalty at a price of US\$1,500,000 for a period of five years or 120 days from the date a preliminary economic assessment is issued with respect to the claims, whichever is earlier. In the event that a drilling permit that enables the Corporation to drill on the mining claims is issued within five years from the date of the Asset Purchase Agreement, the Corporation will pay Moore an additional US\$25,000 and will issue Moore an additional 1,000,000 Common Shares. The Acquisition is an Arm’s Length Transaction under the policies of the TSX Venture Exchange.

On February 17, 2022, the Corporation completed the Acquisition of the Assets for a purchase price of \$96,130, satisfied through a combination of cash and common shares. On February 17, 2022, the Corporation issued one million common shares at \$0.045 per common share for a cost of \$45,000, paid cash compensation of \$44,433 (US\$35,000) and capitalized legal fees of \$6,697 for total additions of \$96,130.

During the year ended December 31, 2022, the Corporation received \$40,000 in the form of a grant from the Government of Yukon’s Consolidated Revenue Fund for funding toward mining operating expenditures, as such, this amount has been reflected as other income in the statements of net loss and comprehensive loss.

## 6. LOANS FROM RELATED PARTIES

From time to time, the Corporation obtains loans from certain related parties to supplement its working capital.

The related party loans are with companies controlled by certain directors of the Corporation and bear no interest. The shareholder loan accrues interest at the rate of 15% per year, payable monthly. All loans are secured against the assets of the Corporation and due on demand. The following loan amounts are payable:

	<b>Deckland Inc. (\$) <sup>(1)</sup></b>	<b>Guardian Helicopters Inc. (<sup>(1)</sup>)</b>	<b>Guardian Drilling &amp; Consulting (<sup>(1)</sup>)</b>	<b>G. Kowal (<sup>(1)</sup>)</b>	<b>Total (\$)</b>
Principal	199,101	515,418	-	306,928	1,021,447
Advances	83,336	267,576	-	-	350,912
Repayments	(8,852)	(160,000)	-	-	(168,852)
Converted to common shares	(201,601)	(511,690)	-	(310,759)	(1,024,050)
Interest	-	-	-	3,831	3,831
<b>Balance, December 31, 2022</b>	<b>71,984</b>	<b>111,304</b>	<b>-</b>	<b>-</b>	<b>183,288</b>
Advances	138,020	284,124	18,000	-	440,144
<b>Balance, December 31, 2023</b>	<b>210,004</b>	<b>395,428</b>	<b>18,000</b>	<b>-</b>	<b>623,432</b>

1) A private Company wholly-owned and controlled by Mr. G. Kowal, shareholder, CEO and President of the Corporation.

## 7. CEBA LOAN

The Corporation received funds in the amount of \$60,000 related to the Canada Emergency Business Account (“CEBA”) application. These funds are interest-free until December 31, 2022, at which time the remaining balance will convert to a 3-year term loan at an interest rate of 5% per annum. If the Corporation repays \$40,000 of the loan on or before December 31, 2022, there will be loan forgiveness of \$20,000. During the year ended December 31, 2022, the repayment deadline was extended to December 31, 2023, and in the year ended December 31, 2023, the repayment deadline was extended to January 18, 2024.

The Corporation has recorded a fair value of \$35,453 at the initial recognition date of the CEBA using an effective interest rate of 14%.

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During the year ended December 31, 2023, the Corporation recorded accretion of \$4,790 (2022 - \$4,789). In December 2023, the Corporation repaid \$40,000 related to the CEBA loan and recorded a gain on government grant of \$10,421 in conjunction with the repayment.

**8. DECOMMISSIONING LIABILITIES**

The total estimated undiscounted amount of cash flows required to settle the obligations at December 31, 2023 are approximately \$203,238 (2022 - \$253,736) and are expected to be made over the next 2 years. The decommissioning obligations have been calculated using an inflation rate of 4.02% (2022 – 6.80%) and an average risk-free rate of 3.91% (2022 – 3.28%). A reconciliation of the decommissioning liabilities is provided below:

	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Balance, beginning of the year</b>	<b>237,875</b>	236,716
Abandonments	<b>(28,025)</b>	(34,732)
Changes in estimates	<b>(28,878)</b>	33,311
Accretion	<b>7,259</b>	2,580
<b>Balance, end of the year</b>	<b>188,231</b>	237,875

All property and equipment has been fully impaired or depreciated resulting in the change in estimates being recorded to operating costs in the statements of net loss and comprehensive loss.

**9. INCOME TAXES**

The following table reconciles the expected income tax expense at the Canadian federal and provincial statutory income tax rates to the amounts recognized in the statements of net loss and comprehensive loss for the year ended December 31, 2023:

	2023 \$	2022 \$
Loss before taxes	<b>(155,613)</b>	(1,543,263)
Statutory income tax rates	<b>23%</b>	23%
Expected income tax expense recovery	<b>(35,791)</b>	(354,951)
Share-based compensation	<b>2,186</b>	86,180
Impact of flow-through shares	<b>(195,980)</b>	-
Deferred tax benefits not recognized	<b>33,605</b>	268,771
<b>Tax recovery</b>	<b>(195,980)</b>	-

As at December 31, 2023, the Corporation has non-capital losses of approximately \$15,254,000 (2022 - \$15,863,000) which may be carried forward to apply against future years' taxable income, subject to final determination by taxation authorities, and will expire between 2026 and 2043. As at December 31, 2023, the Corporation has approximately \$7,200,000 (2022 – \$7,600,000) of oil and gas resource pools and undepreciated capital costs.

The Corporation also has capital losses of approximately \$41,200,000 (2022 - \$41,200,000) which may be carried forward to apply against future years' taxable capital gains, subject to final determination by taxation authorities.

At this time, Management does not believe that it is probable that the Corporation will generate sufficient taxable income in the future to use any of its tax pools and loss carryforwards.

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**10. SHARE CAPITAL**

**a) Authorized shares**

- Unlimited number of no-par value common voting shares.
- Unlimited number of no-par value preferred shares, issuable in series.

**b) Shares issued and outstanding**

<b>Common Shares</b>	<b>Number of Shares</b>	<b>Amount (\$)</b>
<b>Balance, December 31, 2021</b>	<b>82,413,748</b>	<b>15,868,642</b>
Issuance of common shares for property (Note 5)	1,000,000	45,000
Issuance of common shares for debt (Note 6)	20,662,306	1,962,919
<b>Balance, December 31, 2022 and 2023</b>	<b>104,076,054</b>	<b>17,876,561</b>

During the year ended December 31, 2021, the Corporation completed a private placement (the "Private Placement") whereby an aggregate of 2,000,000 Flow-Through Units at a price of \$0.10 per unit, and an aggregate of 2,100,000 Ordinary Units were issued at a price of \$0.05 per unit, for aggregate gross proceeds of \$305,000.

Flow-Through Units consist of one Common Share issued on a tax flow-through basis and one warrant issued on a tax flow-through basis ("Flow Through Warrant"). Each Flow-Through Warrant will entitle the holder to purchase one non-flow-through Common Share ("Ordinary Share") at a price of \$0.15 for a period of three years from the date of issuance.

Ordinary Units consist of one Ordinary Share and one non-flow-through warrant ("Ordinary Warrant"). Each Ordinary Warrant entitles the holder to purchase one additional Ordinary Share at a price of \$0.25 for a period of three years from the date of issuance.

The Flow-Through Warrants and the Ordinary Warrants are subject to an acceleration clause, such that if the closing price of the Corporation's common shares trading on the TSX Venture Exchange is greater than \$0.15 (for the Flow-Through Warrants) or \$0.25 (for the Ordinary Warrants) for 30 consecutive trading days, the Corporation may, by giving notice to the holders, accelerate the warrant expiry date whereby such warrants will expire on the 30<sup>th</sup> day after the date on which the notice is provided.

On May 25, 2022, the Corporation issued an aggregate of 20,662,306 common shares to certain creditors. Of those shares, 19,505,707 were issued to Graydon Kowal, the President, CEO and a director of the Corporation and to companies owned by him in order to settle an aggregate of \$1,024,050 in loans made by Mr. Kowal and his companies.

The fair value of the 20,662,306 shares issued, being \$1,962,919, was determined based on the trading price of the Corporation's shares on the date of grant. As a result, a loss on debt settlement of \$878,148 was recorded in the statements of net loss and comprehensive loss.

*Flow-through shares*

During the year ended December 31, 2021, the Corporation raised \$200,000 on a CEE flow-through share basis. The qualifying expenditures were incurred during fiscal 2022 with the flow-through share reannouncement occurring during the year end December 31, 2023.

**Warrants**

	<b>Number of Warrants</b>	<b>Amount (\$)</b>
<b>Balance, December 31, 2021, 2022 and 2023</b>	<b>4,100,000</b>	<b>160,655</b>

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**c) Stock options**

The Corporation has a stock option plan under which directors, officers, employees and consultants are eligible to receive stock option grants. The stock options issued shall not exceed 10% of the issued shares of the Corporation at the time of granting of options. The exercise price and vesting terms of any options granted are fixed by the Board of Directors of the Corporation at the time of grant. There were no stock options issued during the year ended December 31, 2022 and 2023.

During the year ended December 31, 2023, \$9,506 (2022 - \$374,701) was recorded to share-based compensation expense.

The following is a summary of changes to the Corporation's share option plan:

	Year ended December 31, 2023			Year ended December 31, 2022		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding, beginning of year	5,500,000	\$0.11	3.25	6,500,000	\$0.11	4.25
Granted	-	-	-	-	-	-
Forfeited	-	-	-	(1,000,000)	\$0.11	-
Outstanding, at end of year	5,500,000	\$0.11	2.25	5,500,000	\$0.11	3.25
Exercisable at end of year	5,500,000	\$0.11	2.25	4,125,000	\$0.11	3.25

**d) Per share amounts**

Basic per share amounts are calculated using the weighted average number of shares outstanding of 104,076,054 during the year ended December 31, 2023 (2022 - 95,736,234). The calculation of diluted loss per share for the year ended December 31, 2023 and 2022 excludes the effect of all outstanding share options and warrants as they are anti-dilutive.

**11. COMMITMENTS AND CONTINGENCIES**

**a) Contractual**

Under the terms of an employment contract with the Chief Executive Officer, the Corporation is committed to pay (i) severance equal to 24 months' base salary; (ii) compensation for loss of employee benefits; (iii) all accrued but unpaid bonuses; and (iv) accrued and unpaid salary, benefits, perquisites and expenses to the termination date and any un-received vacation allotment.

**b) Other**

The Corporation is involved in a number of legal claims associated with the normal course of operations. The Corporation believes it has made adequate provisions for such legal claims. The Corporation has not presented a detailed breakdown of the claims as it may prejudice the position of management on these claims. While the outcome of these claims is uncertain, and there can be no assurance that such claims will be resolved in the Corporation's favour, the Corporation does not believe that the outcome of adverse decisions in any proceedings related to these claims, or any amount which it may be required to pay, would have a material adverse impact on its financial position, results of operations or liquidity.

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**12. RELATED PARTY TRANSACTIONS**

In addition to transactions disclosed elsewhere in these financial statements, the Corporation has the following related party transactions:

- a) Legal fees in the amount of \$17,483 for the year ended December 31, 2023 (2022 - \$27,564) have been incurred with a legal firm of which a partner is the spouse of an officer of the Corporation. As at December 31, 2023, \$16,516 is payable to this legal firm (2022 - \$3,791) and is included in accounts payable and accrued liabilities.
- b) Total consulting fees, wages, salaries, benefits and other personnel costs included in the statements of net loss and comprehensive loss for the year ended December 31, 2023 were \$84,539 (2022 - \$101,684). The aggregate remuneration of key management for the year ended December 31, 2023 was \$68,133 in consulting fees, salaries and benefits (2022 - \$63,606). The Corporation considers key management personnel to be the CEO and CFO.

The transactions are in the normal course of business and initially recorded at fair value.

**13. CHANGE IN NON-CASH WORKING CAPITAL**

	December 31, 2023 (\$)	December 31, 2022 (\$)
Prepaid expenses	(29,911)	(11,104)
Deposits	(2,405)	(877)
Accounts payable and accrued liabilities	19,039	(9,485)
	<b>(13,277)</b>	<b>(21,466)</b>

**14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

**a) Fair value of financial assets and liabilities**

The Corporation's carrying value of cash, accounts payable and accrued liabilities and loans from related parties approximates their fair values, due to the immediate or short-term maturity of these instruments. The carrying value of the deposits does not differ significantly from its fair value and the carrying value of the CEBA loan approximates fair value due to the market rate of interest.

The Corporation classifies the fair value of transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Corporation's financial assets carried at fair value are considered Level 1.

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**b) Interest rate risk**

At December 31, 2023 and 2022, the Corporation is not significantly exposed to interest rate cash flow risk in relation to its loan from related parties, which are at a fixed rate of interest.

**c) Commodity price risk**

The nature of the Corporation's operations results in an exposure to fluctuations in commodity prices. At December 31, 2023 and 2022, the Corporation had no financial derivative or physical delivery contracts in place.

**d) Currency risk**

Currency risk is the risk to the Corporation's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is not exposed to significant current risk. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**e) Capital management**

The Corporation's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Corporation defines capital as shareholder equity, working capital and credit facilities, when available. The Corporation manages its capital structure, including making adjustments to its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Corporation's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management; but, rather, promotes year over year sustainable growth in net income and cash flows. There have been no changes to the Corporation's objectives in managing capital or in management's management of capital in the current year.

The capital structure of the Corporation is as follows:

	<b>December 31, 2023 (\$)</b>	<b>December 31, 2022 (\$)</b>
Total shareholders' deficiency	<b>(697,671)</b>	(551,564)
Working capital deficiency	<b>(1,045,778)</b>	(801,991)

**f) Credit risk**

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Corporation is subject to credit risk on its cash balance. The Corporation's cash is held at major financial institutions as well as a Trust account with the Corporation's legal counsel, and, as such, is subject to only minor credit risk.

**g) Liquidity Risk**

Liquidity risk includes the following, as a result of the Corporation's operational liquidity requirements:

- The Corporation will not have sufficient funds to settle a transaction on the due date;
- The Corporation will be forced to sell financial assets at a value less than what they are worth; or,
- The Corporation may be unable to settle or recover a financial asset at all.

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The Corporation has cash of \$9,513 (2022 - \$1,639) to settle current obligations of \$1,100,312 (2022 - \$818,740) and will therefore need to source equity and/or debt financing to meet obligations as they come due. The loans from related parties are due upon demand. All accounts payable and accruals are due within thirty days.

**15. SETTLEMENT OF ACCOUNTS PAYABLE**

Periodically, management negotiates the settlement of accounts payable at a value less than the amount recorded. During the year ended December 31, 2023, the Corporation recorded a gain on the settlement of accounts payable of \$ Nil (2022 - \$18,389).

**16. LETTER OF INTENT**

The Corporation entered into a non-binding letter of intent dated November 29, 2023 ("LOI") to acquire all of the shares of Site Exploration Mining Company ("SEMC") a Saudi Arabian mining company, from its shareholders (collectively, the "Vendors"). SEMC holds mineral exploration licenses for five prospects located in Saudi Arabia covering 328 square kilometres and rights to an additional 30 mineral prospects covering an additional 2,909 square kilometres in various stages of licence application and approval (collectively, the "Prospects"). These license areas are predominantly prospective for gold, base and battery metals. SEMC and the Vendors are at arm's length to the Corporation.

In exchange for the shares of SEMC, the Corporation proposes to pay to the Vendors an aggregate of \$300,000 in cash and 15,000,000 Common Shares in the share capital of the Corporation ("Guardian Shares"). Additionally, the Corporation will pay to the Vendors 500,000 Guardian Shares and \$50,000 for each additional license granted to SEMC for the Prospects over the next five years following closing (the "Contingent Consideration") for a maximum Contingent Consideration of up to 15,000,000 Guardian Shares ("Contingent Share Consideration") and \$1,500,000 ("Contingent Cash Consideration").

The LOI gives the Corporation the option, subject to the approval of the TSX Venture Exchange (the "TSXV"), to pay up to 70% of the Contingent Cash Consideration using Guardian Shares at a deemed share value based on the volume weighted average trading price of the Guardian Shares on the TSXV (VWAP) for 30 days prior to issue.

The Corporation would have its choice as to which Prospects it chooses to present for licensing approval, provided it will only be able to reject up to four Prospects ("Declined Prospects"). The Vendors would be granted an option to purchase Declined Prospects at a price of \$1.00 for each Declined Prospect.

The LOI provides that the Corporation will provide funding to SEMC sufficient to fund SEMC's Q1 and Q2 2024 work program and other operating expenses of SEMC. The amount to be provided will be confirmed by the parties after due diligence, and will be a minimum of CA\$125,000.

The proposed transaction is subject to a number of conditions including the satisfactory completion of the Corporation's due diligence and financing raised by the Corporation of at least \$500,000. The LOI will terminate on March 30, 2024 unless extended by the parties by mutual consent. The proposed transaction is subject to the approval of the TSXV.