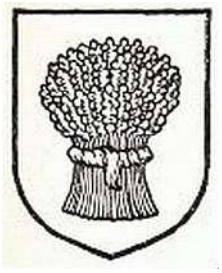
Tuesday, October 1, 2024



HALLGARTEN + COMPANY

Initiation of Coverage

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Guardian Metal Resources

(AIM: GMET | OTCQB: GMTLF)

Strategy: LONG

Key Metrics	
Price (GBP)	£0.23
12-Month Target Price (AUD)	£0.88
Upside to Target	283%
12mth hi-low (GBP)	£0.071 - £0.39
Market Cap (GBP mn)	£27.38
Shares Outstanding (mns)	119.036
Fully diluted (mns)	148.036

Tuesday, October 1, 2024

Guardian Metal Resources

Positioned for the Tungsten Resurgence

- + Tungsten has essential uses in industrial and the military applications, such as armour-piercing weaponry and in armour (e.g. for tanks) to resist these weapons
- + Guardian Metal Resources is an advanced stage exploration company with plans to move its flagship Pilot Mountain Tungsten Project in Nevada through to feasibility and development
- + It holds what is believed to be the largest undeveloped Tungsten deposit in the U.S., where there is currently no production and has not been any for many decades
- + The main deposit area, Desert Scheelite, along with the Garnet deposit area have a Mineral Resource Estimate (MRE) containing over 34,000 tonnes of Tungsten, with drilling ongoing and plans to fast-track to a PFS
- + Globally, there is little pipeline of new projects in the Tungsten space
- + Tungsten prices firmed up strongly in the last few months on the back of rising global tensions with minimal signs of a possible downturn
- × A number of Tungsten developers are moving near to production thus potentially adding to Western output
- × Raising money for Tungsten projects is still no easy task with many other projects in similarly ignored metals competing for investors' attention

Tungsten – Back with a Vengeance

In 2021, Guardian Metal Resources took a counter-cyclical view in starting the pursuit of the long-depressed Tungsten space, before any indications of a recovery in demand or prices. There were only a few survivors of the Tungsten slump that had ravaged the subsector since the start of the decade. Since then, Tungsten has been highlighted by the EU, Canada and the USA as a strategic mineral. Tungsten is used industrially in cutting tools and has status as the prime military metal. This has prompted sharply renewed interest in restocking supplies and reestablishing non-Chinese supply-lines in this critical metal for Western defense and industry.

Post-2011, the slumping price of Tungsten wrought destruction upon both the explorers AND the producers (with two major Western producers going under). The explorers disappeared or changed exploration focus. Meanwhile, consolidators like Almonty Industries and EQR snapped up failing producers as part of its global roll-up strategy and a few determined explorers made the sacrifices necessary to remain in business.

Now as 100% owner of a major Tungsten deposit located in the United States´ most mining friendly jurisdiction, Guardian Metals is well-positioned to be a key North American supplier of this very important industrial and military metal.

In this Initiation of Coverage, we shall review the projects that Guardian is advancing and where it is on the continuum towards production at this point.

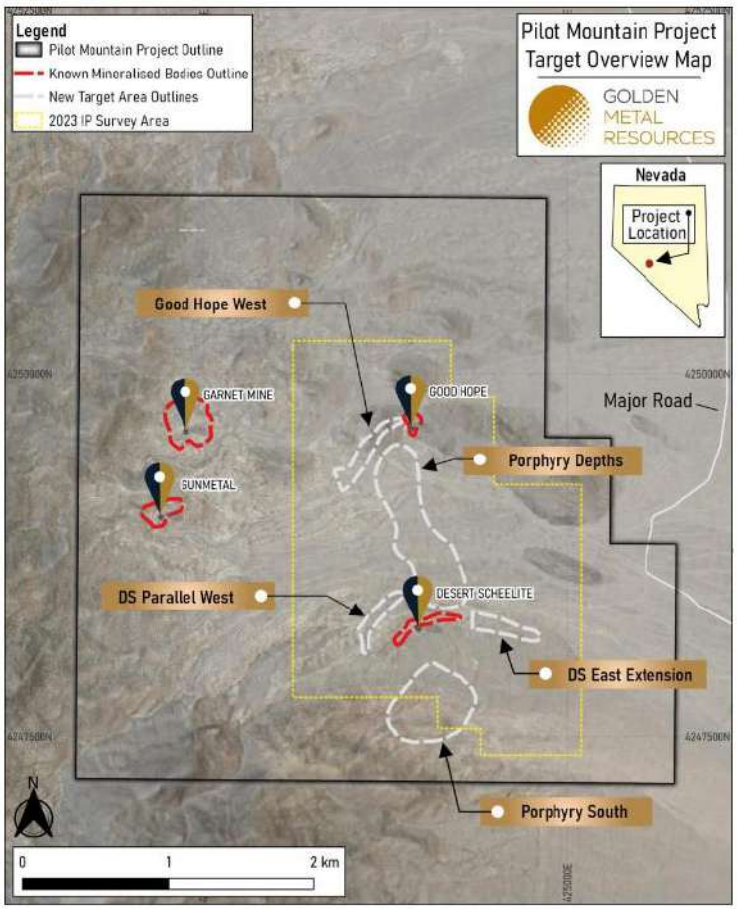
Tuesday, October 1, 2024

Background

Golden Metal Resources announced in mid-June of 2024 that it was changing its name to the more apt, Guardian Metal Resources PLC.

We first wrote on this company's major project over half a decade ago when it was embedded in Thor Mining PLC (a company at the time headed up by a current non-executive director of Guardian Metals).

In November 2021, Golden Metal Resources (then an unlisted subsidiary of Power Metal Resources PLC - AIM: POW) acquired a 100% interest in the Pilot Mountain project, the consideration for which was paid by Power Metal, principally comprised of the issue of US$1.65mn of Power Metal shares at a price of 2.5p.



Golden Metal was then spun out of Power Metals, with a listing on the AIM market on the 10th of May 2023.

The Pilot Mountain Project

The project is situated 200km southeast of Reno in the mining friendly state of Nevada.

The main resource is hosted within the Desert Scheelite deposit, but there are several other areas within the Project which have potential to be brought into the broader mine plan – including Gunmetal, Garnet and Goodhope (see map right).

History

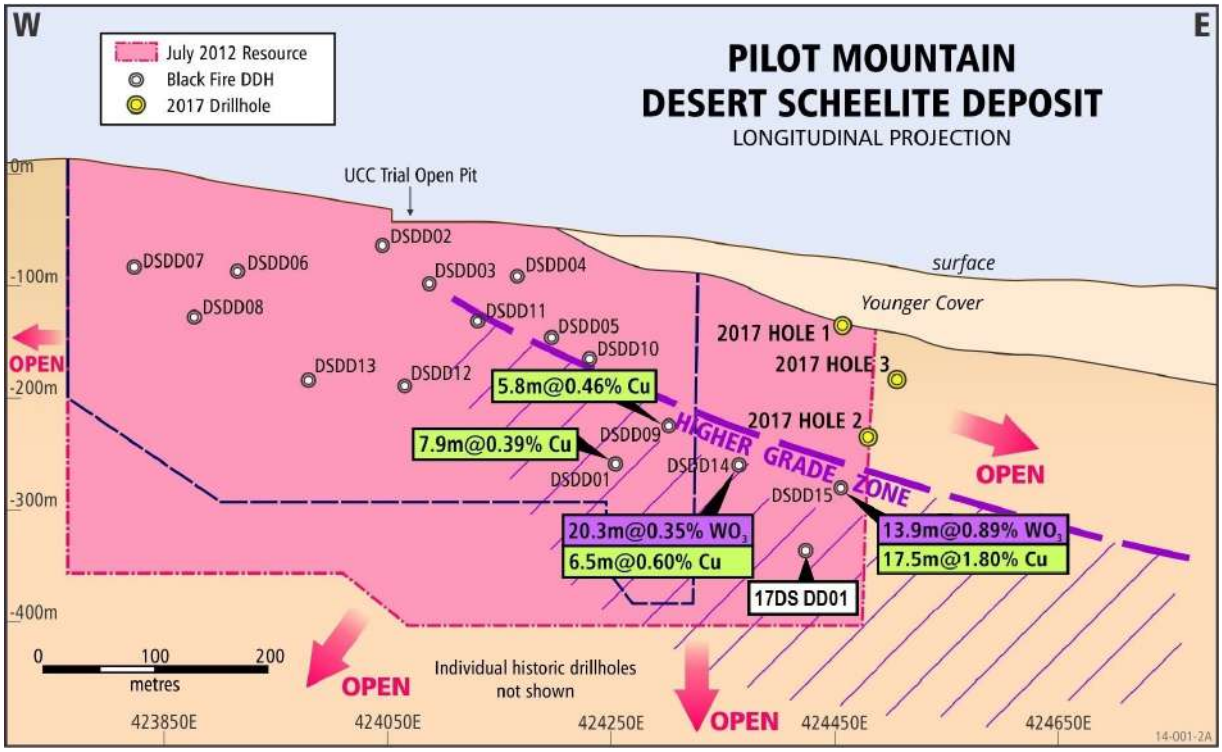
The Pilot Mountain District (sometimes referred to as the Sodaville District) resulted from the discovery of cinnabar (i.e. mercury), tungsten, copper, and gold in the early part of the twentieth century. Many small-scale mines and mills sprang up and the town of Eddyville was formed around a gold mine in the 1930's. In 1916 tungsten deposits were also found on Pilot Mountain.

The Gunmetal Group ran a Tungsten mining operation on the project from around 1924 – 1927. During that time they erected a 25-ton mill that used pneumatic concentration. A Lezeart mill was equipped with a small crusher, an Abbe ball mill, and two stebbins dry concentrating tables were used.

Geology

The project is situated on the east slope of the Pilot Mountains about 20 miles southeast of Mina, Nevada. Rocks in the area consist of limestone, shale and conglomerates which have been intruded by granite. The sedimentary rocks trend southwest and dip 20° Northeast. Adjacent to the granite contact the limestone has been altered to recurring lenses of tactite that vary in lengths up to 200 ft and in width to 25 to 50 ft. Scheelite mineralisation is finely disseminated in the tactite.

This project has been worked before. In addition to the numerous surface cuts and trenches the principal working is a 65ft shaft, from which a 35 ft cross-cut was extended north from the bottom of the shaft. Despite the presence of this shaft, in an unpublished document from the US Bureau of Mines in 1963, it was reported that no tungsten ore had been produced or shipped from the project.



Longitudinal cross-section from 2017 across the Desert Scheelite Deposit (Thor Mining).

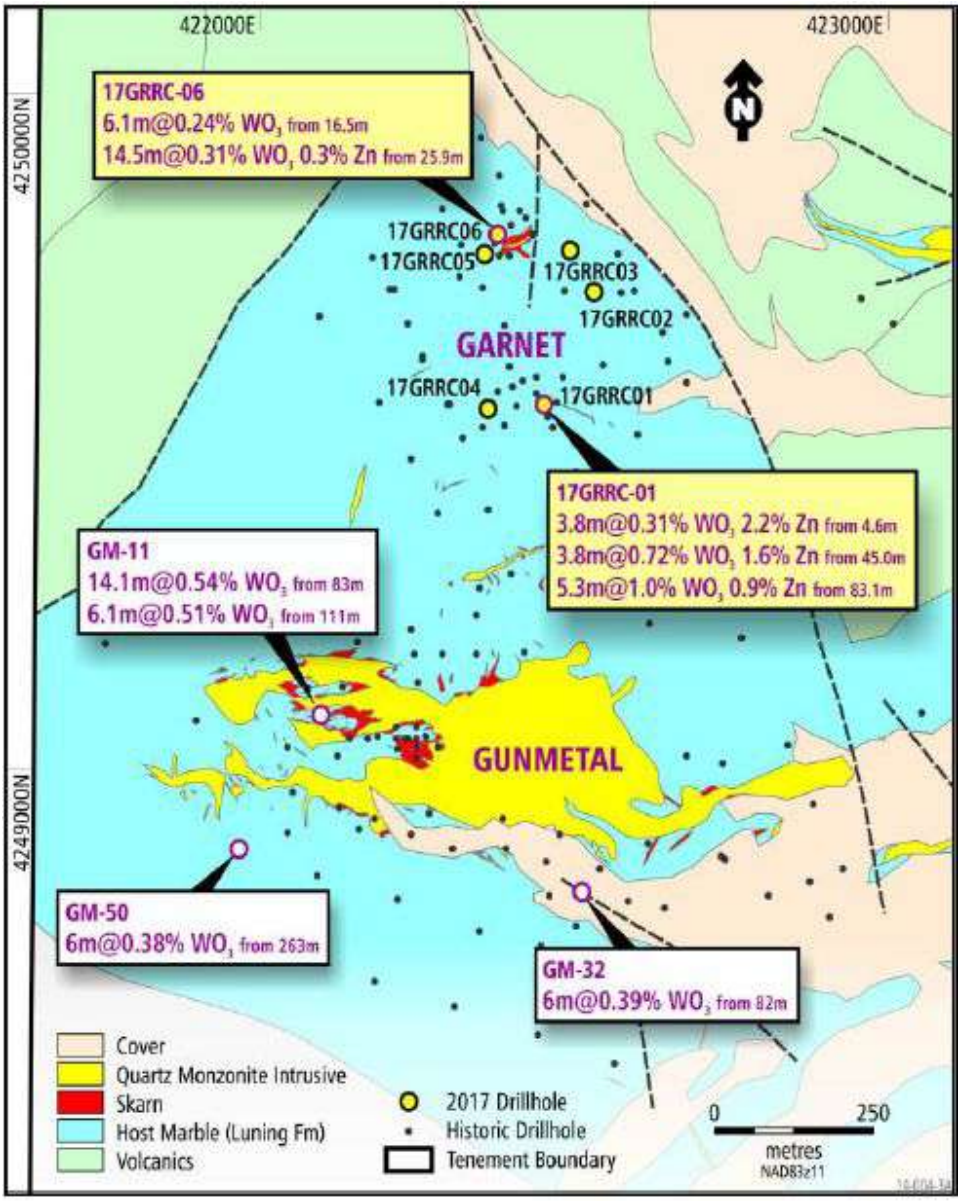
Other Target Areas

In its days as holder of the project, Thor Mining had mooted that Pilot Mountain had significant additional exploration potential comprising exploration targets totaling 11mn-22.6mn tonnes at 0.3% to 0.5% WO_3.

Geologically, the country rocks consist of limestone which has been intruded by granodiorite. The sediments strike northeast and dip at 20° NW. Adjacent to the granite contact the flat lying limestone beds have been altered to tactite in bands varying from a few feet to 35 feet or more. Scheelite mineralisation in the tactite bands occurs where the beddings are cute by a west-trending fault. Most of

the mineralized zones are within 200 feet or less of this fault.

Below can be seen a map of the Garnet and Gunmetal zones. To date, the holes completed into the Garnet zone tested less than a third of the total historic drill data over that area.



Geological & drilling map highlighting work completed across the Project's Garnet and Gunmetal Zones (Thor Mining).

Exploration

In May of 2024, Guardian commenced its first diamond drilling program targeting strategic resource expansion and brownfield exploration targets at Pilot Mountain.

It was announced that a minimum of 2,000m of diamond drilling would be completed as part of this program, which has already been exceeded as of the date of this Initiation.

Due to the project's proximity to the ALS Laboratory at Reno, drill core samples are being logged, processed and shipped for assay testing in batches, therefore allowing for semi-continuous drilling news flow throughout the duration of the campaign.

The 2024 Drilling program underway

The Pilot Mountain diamond drilling program commenced in May 2024 and as of the date of this Initiation 20 holes have been completed, with the 21st drillhole currently underway. Thus far results from the first hole were released which include:

Hole 1 - Desert Scheelite (PM24-001) was drilled near the central portion of the Desert Scheelite zone and was designed to test for extensions of the deposit to the north and south. PM24-001 intersected observed scheelite (tungsten) mineralisation and skarn alteration from 12.2m (immediately below overburden) to 42.8m as well as from 65m to 151.8m (the end of hole, finished in mineralisation).

Laboratory assay results confirm diamond drillhole PM24-001 at Desert Scheelite target has intersected three strongly mineralised intervals totaling 38.7m of 'high-grade' Tungsten mineralisation.

PM24-001 high-grade downhole drill intersection composites comprise:

- 9m @ 0.37% $W0_3$ from 69.1m (with 2.48% Zn, 43.7g/t Ag, 433ppm Cu)
- 27.9m @ 0.42% $W0_3$ from 96.6m (with 1.30% Zn, 23.1g/t Ag, 1,245ppm Cu)
  - including 8m @ 0.84% $W0_3$ from 108.7m
- 1.8m @ 0.42% $W0_3$ from 150m to end of hole (with 1.44% Zn, 7.6g/t Ag, 217ppm Cu)

The interval remains open at depth and the company is considering extending that hole.

A review of historical drilling records shows that PM24-001 is one of the most strongly mineralised drillholes completed at Pilot Mountain/Desert Scheelite to date. Individual standout very high-grade assay results include 1.37% $W0_3$ (108.7m-110.2m downhole depth) and 1.44% $W0_3$ (114m-115.5m downhole depth) which are some of the highest ever single drill assay results achieved across Pilot Mountain to date.

Core sample assay results returned upper limit of detection (overlimit) results for 20 Tungsten samples (>3,000ppm W) and 15 zinc results (>10,000ppm Zn), three silver results (>100g/t Ag), and one Lead result (>10,000ppm Pb). Overlimit samples were reanalysed utilising specific high-grade analytical packages.

Additionally, based on various historical reports, the company has decided to selectively assay PM24-001 for gold (via fire assay) which is now underway.

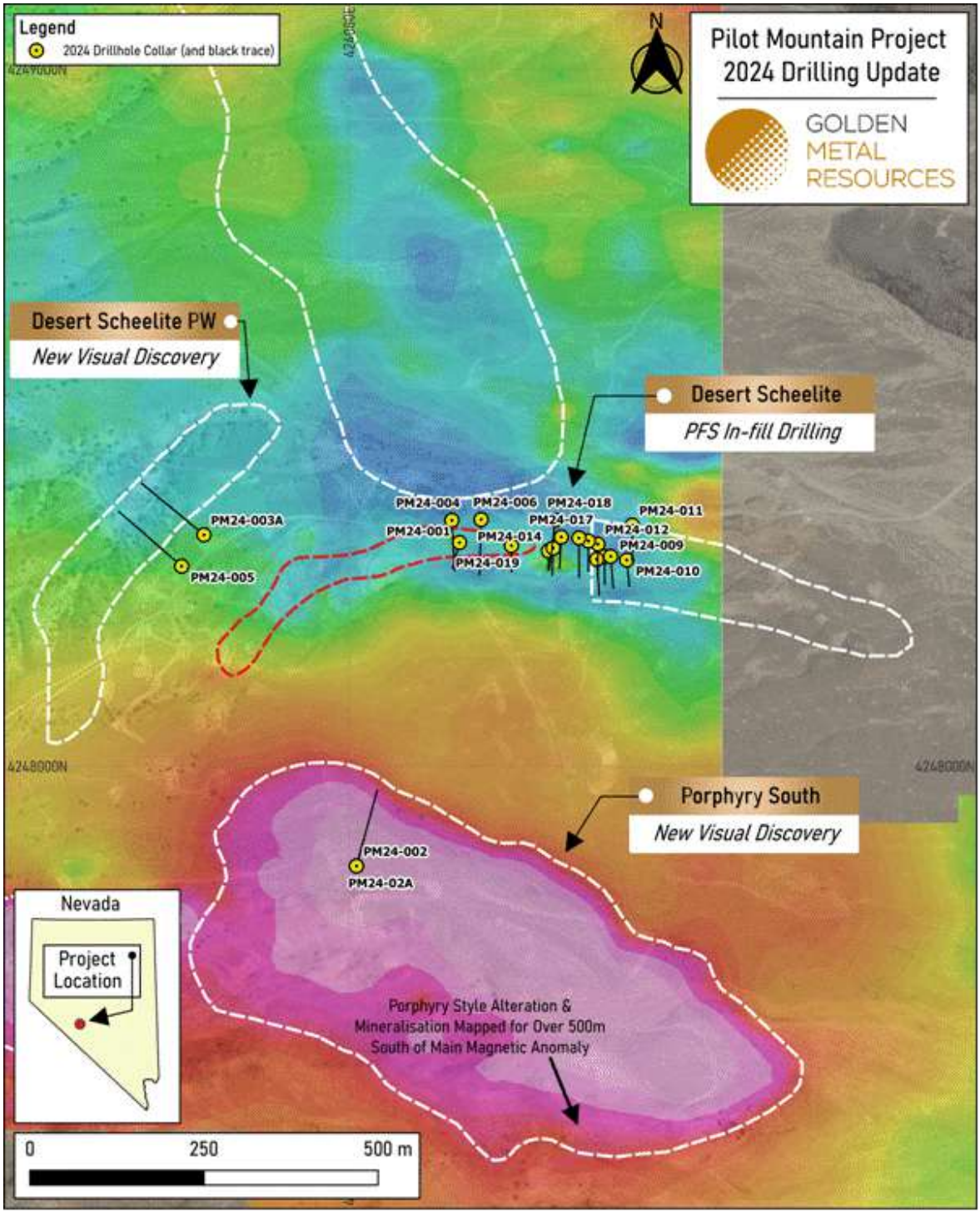
Management considers all three of the strongly mineralised zones within PM24-001 to be near surface, within the context of possible future mining options. Management's comment was that this hole has the potential to expand the deposit footprint towards both the north and south.

Hole 2 - Porphyry South - Drillhole PM24-002 was completed to a final depth of 407.1m and was drilled to test the Porphyry South magnetic anomaly. This hole represents the first hole ever drilled into this target. PM24-002 has successfully discovered a mineralised porphyry system and intersected a quartz monzonite porphyry from immediately below overburden at 22m depth through to the final hole depth of 407.1m. The company engaged with a porphyry expert to complete a detailed review of PM24-002 in conjunction with all available company datasets. The results of this analysis will help guide subsequent drillholes into Porphyry South which, based on the magnetic anomaly, stretches for at least 1,200m in an east-west direction and greater than 500m north-south representing a considerable target.

In light of the PM24-002 visual results, the firm of SJ Geophysics Ltd was commissioned to conduct a high-resolution ground-magnetics survey to cover the remainder of the project. The results from this work uncovered two further significant magnetic anomalies including the Porphyry West and North targets.

The technical team believes that given the spatial relationship between the Porphyry West magnetic anomaly and the Garnet and Gunmetal skarn-type mineralised zones, the anomaly could represent a

potential buried porphyry system at depth.



Map of the 2024 Drilling program showing location of drillholes completed to date

The drilling program is ongoing and initial holes have intersected tungsten mineralization easily visible in

the drill core. Signatures of a potential porphyry system, classically associated with the root of this type of tungsten, have been intersected and shown on the company website. Assays are pending and the results will feed into the updated resources models, mine plans and the planned PFS.

Resource

The most recently published Pilot Mountain Mineral Resource Estimate (considered to be "historic") dates from December of 2018, and showed a 55% increase in the Tungsten resource over the previous MRE from 2017. This included a maiden resource estimate for the Garnet prospect, and an increase in the resource estimate at Desert Scheelite.

The upgraded and increased 2018 MRE for the Desert Scheelite component was comprised of 10.7 million tonnes at 0.26% WO_3, 19.38 g/t Silver (Ag), 0.15% Copper (Cu) and 0.38% Zinc (Zn).

Pilot Mountain - Updated Resource

			WO3		Silver		Copper	
	Category	Tonnes mns	Grade %	Contained Metals (tns)	Grade g/t	Contained Metals (ozs)	Grade %	Contained Metal (tns)
Desert Scheelite	Indicated	9.01	0.26	23,400	20.73	6,012,050	0.15	13,200
	Inferred	1.69	0.25	4,300	12.24	675,150	0.16	2,800
Garnet	Indicated	-	-	-				
	Inferred	1.83	0.36	6,590				
Summary	Indicated	9.01	0.26	23,400				
	Inferred	3.53	0.31	10,890				

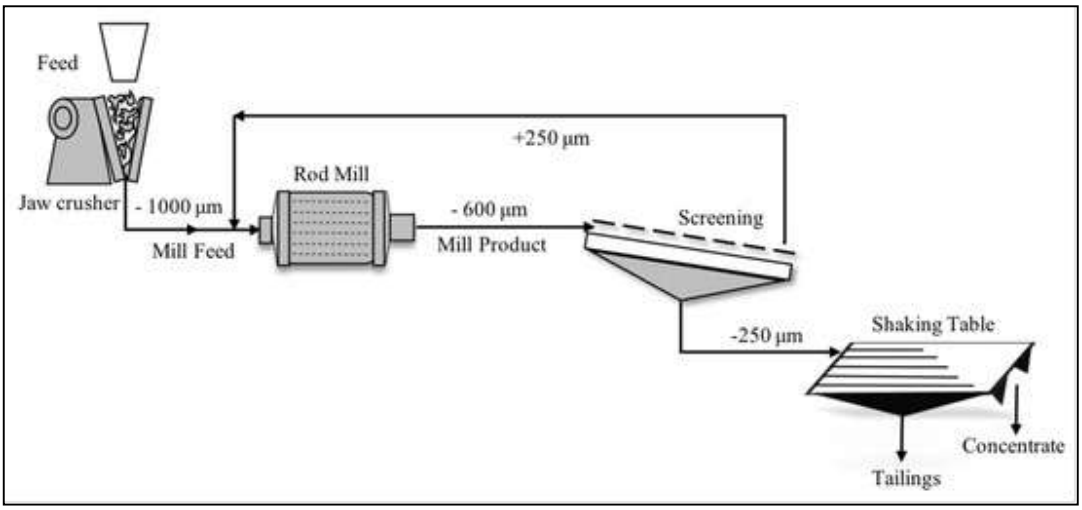
The Garnet Inferred resource comprises 1.83 million tonnes @ 0.36% WO_3, announced on 22 May 2017.

Production – Next Steps Needed

For a standard commercially saleable product a processing circuit needs to produce a ~60% WO_3 concentrate. Concentration takes place after the mineral has been liberated by either crushing or grinding methods and the best level of liberation needs to be determined by test work.

The process is basic and very similar to that used by Tin and Antimony. Thus, Tungsten ores are beneficiated by crushing followed potentially by gravity concentration. Flotation separation is used for scheelite that has been ground to a fine size to liberate the Tungsten; this is further supplemented in some circuits by leaching, roasting, and magnetic or high-tension separation when required.

The conventional Tungsten flowsheet shown below includes gravity and flotation, that is the recommended treatment mode for typical scheelite ores.



Example simplified flow sheet.

However, in the case of Pilot Mountain the Technical Report by SRK from May 2023 indicated that gravity did not appear to be an economical first step. However, magnetic separators to remove garnet could be a step to investigate for increased recovery and the company is currently conducting studies in this regard at the moment, with results pending.

The Scoping Study

In September of 2018, then-owner Thor Mining announced a scoping study for the Pilot Mountain project which outlined a 12-year life for the project's Desert Scheelite deposit. The CapEx was estimated at between US$30mn to US$35mn. Current scoping for the project given higher metal prices and the improved margins would likely be for a higher production rate and higher capex. This work will next be completed in the planned Pre-Feasibility Study.

In bringing this plan to the market at a time of poor stock market conditions and pricing for Ammonium Paratungstate (APT), Thor wanted to present a low capex option, that would be perceived as financeable.

Total open pit production in the historical study for the deposit was proposed as 7.5mn tonnes, with an annual throughput of 650,000 tonnes, generating approximately 1,000 tonnes of scheelite in concentrate per annum (plus copper/silver/zinc credits). Again, current metal prices would suggest a higher production rate would be advisable.

The tonnage and grade (Green, Lederer et al. 2020) plots the Pilot Mountain deposit considered in the 41 deposits reviewed worldwide, range in grade from 0.14% to 1.2% WO_3, the grade of most deposits (90%) lies between 0.24 and 1.2% WO_3. The tonnage reported in the published Pilot Mountain (0.272 % WO_3) resources places it in the top 30% of the 41 deposits considered (CP Report, Pilot).

Prices of Tungsten concentrate (APT) have recently been as much as 100% higher than the 2015 lows and costs have also increased. The company plans to work on a Pre-Feasibility study next to establish current economic parameters and an enlarged production scenario.

Pre-Feasibility Study and Plan of Operations

Firstly, it should be noted that the resource as it stands is around 35,000 tonnes of contained $W0_3$, thus the humble 1,000 tpa of the previous historic scoping study was more on the unambitious side but attuned to the low prices and torpid market of its times. Management at Guardian are likely thinking more along the lines of 2,000 tonnes (or more) per annum. This would satisfy around 18% of current US Tungsten imports (11,400 tonnes in 2022 according to the USGS). The postulated production rate capability of the project makes it a highly strategic asset for the USA.

In May of 2024, the company announced that it had engaged a consortium of engineers, including Bara Consulting, Snowden Mining Industry Consultants and Bomenco Minerals Engineering to evaluate existing technical information and provide a roadmap, comprised of actions, a schedule and a budget estimate to prepare for a Pre-Feasibility Study on the Desert Scheelite deposit.

Westland Engineering & Environmental Services were engaged to lead next-stage permitting efforts including a Plan of Operations (POO) at Pilot Mountain. Their team of geologists, biologists, botanists, archaeologists, and environmental specialists are currently assisting with National Environmental Policy Act permitting requirements and associated baseline data collection and reporting.

This includes, in coordination with the Bureau of Land Management (BLM), re-initiating baseline environmental studies required to support the POO. A baseline biological survey report was published in October 2013, which identified no impediments to development, and this historic report will form the basis of the updated report which is now well in progress.

The POO will allow for greater disturbances across the designated project area, paving the way for the Guardian to progress project development, as well as pre-construction and various development workstreams.

Tungsten Returns to its Place in the Sun

If we had to choose a metal to crown as the military metal *par excellence* it would undoubtedly be Tungsten for its usage in shells and in armour-plating to resist said shells. Tungsten's essential industrial and military place has been well known since the 1940's. During WW2, Sweden, Canada and Iberia were important producers of the critical military metal.

What makes Tungsten, the key military and industrial metal?

- It is used in making bulletproof vehicles, armored tanks, and other kinds of protective equipment designed to withstand the high-speed impact of bullets. This is due to the hardness of Tungsten which can be further enhanced through alloying to yield stronger composite materials.

- It is used in making armor-piercing rounds. These are designed to pierce through protective armor and vehicles designed to be bulletproof. Tungsten can tolerate high levels of shock and does not easily shatter.

- It is used in making high-speed cutting tools. These tools are usually made of high-speed steel, and they cut much quicker than ordinary carbon steel. Tungsten's ability to withstand high temperatures makes it indispensable in fabricating these tools and when cutting at such high speeds.
- Tungsten is also used in the manufacturing of rocket and aircraft parts. It is instrumental in manufacturing parts like engines because of the high temperatures they must withstand. Tungsten has a high thermal resistance and can withstand high temperatures without defect.

The History of the US Government & Tungsten

In 1939, the United States Congress enacted the Strategic and Critical Materials Stock Piling Act, a federal law providing for the acquisition and retention of stocks of certain strategic and critical materials that supply the military, industrial and essential civilian needs of the United States for national defense.

Then in 2021 the US government announced plans to recapitalise and restore the National Defense Stockpile of critical minerals and materials, following findings from the reviews directed under Executive Order 14017. In March 2022, the Departments of Energy, State and Defense executed a memorandum of agreement to launch an effort to include critical minerals necessary for the transition to clean energy alongside those needed for defense purposes

China & Tungsten

Tungsten, in theory, should be a bellwether of industrial activity, more than virtually any other metal, as it is directly levered into machine-tool manufacturing as the swing factor in its demand (the relatively non-variable part being lighting uses). However, the "spoiler" here is China which has long-distorted the Tungsten market, much as it has distorted the pricing mechanisms in so many other metals.

Now we have a situation where military and industrial demand is recovering making it harder for China to maintain low prices (to maintain its dominance). Moreover, China's attempts to overrun the machine tool sector through its Tungsten dominance have put Western manufacturers of this equipment on notice that they need guaranteed non-Chinese supplies to evade predatory Chinese manouevres. New protection measures such as tariffs and import restrictions by the U.S. should help protect domestic production.

The Tungsten Tariff

On the 14th of May 2024, the Biden Administration announced a 25% tariff on Chinese tungsten imports with effect from the 1st of August 2024.

This measure resulted in a bifurcation of viewpoints. One school of thought (to which we pertain) saw the measure as further increasing the attractiveness of US-mined and processed Tungsten and as a further prod to reboot Tungsten production outside of China. While some industrial interests of the "Cheap Rules!" school of thinking (that have been in the ascendancy for 40 years) were critical. However, they are also those who have singularly done nothing to encourage or fund Tungsten supply

chains independent of China, resulting in the current dependency upon that country´s output.

The difference is poignant, between those in the tool industries in Europe that paid over the market rates for W, from the likes of Almonty to sustain a non-Chinese supply chain in this critical metal, and those industrial users in the US that pandered to China's hegemonic tendencies in this and other strategic metals due to solely "bottom-line" considerations.

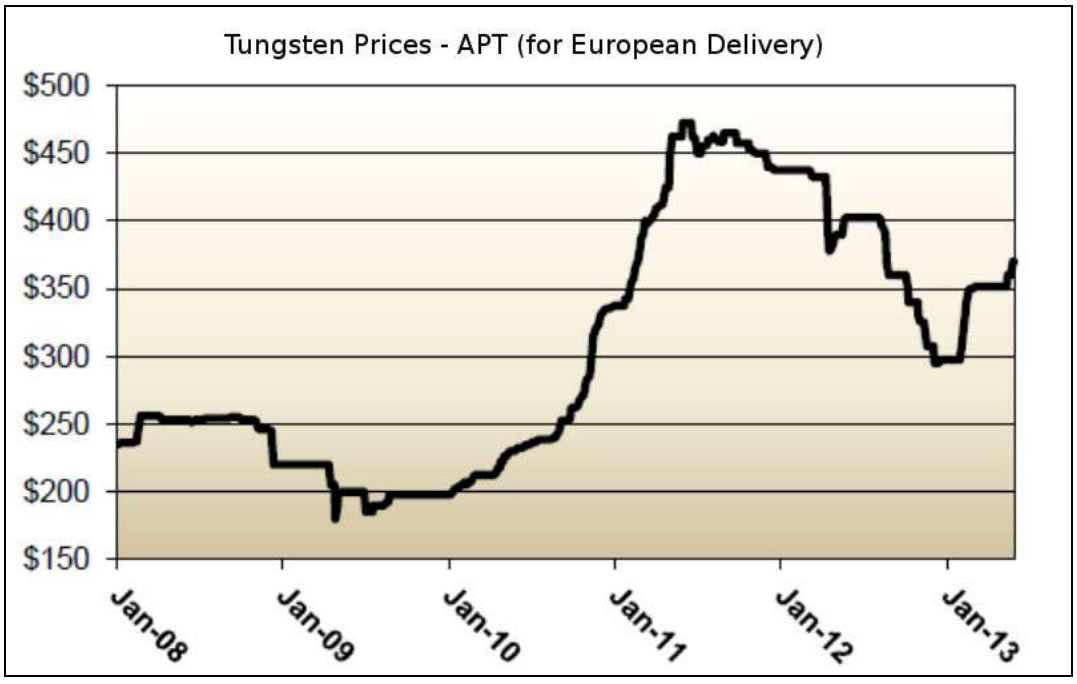
This strengthens the need for onshoring production of tungsten in the U.S.

Pricing

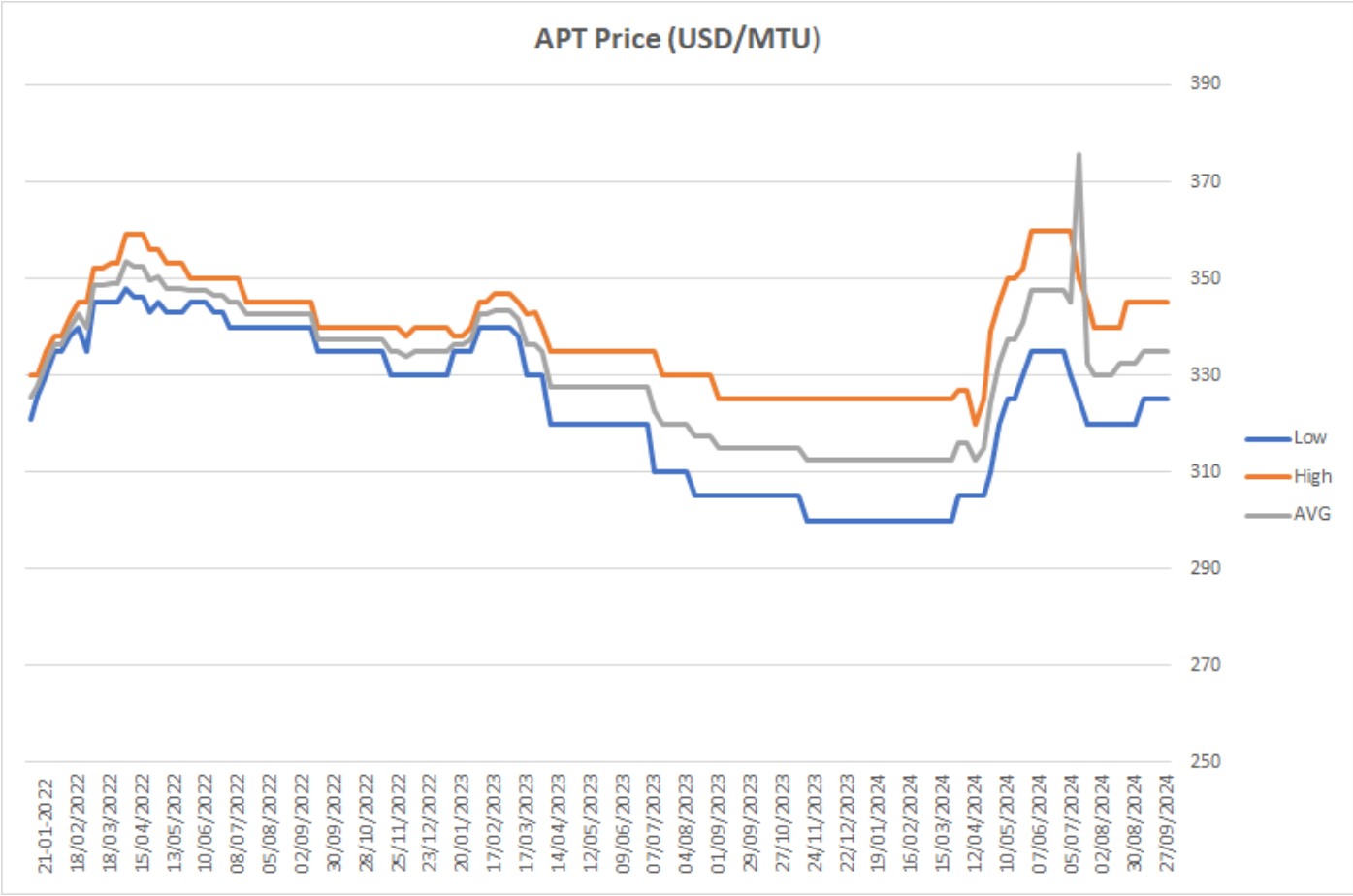
The average annual price of tungsten since 1950 fluctuated between a nadir of US$10 per metric ton unit (one MTU of APT contains 10 kgs of WO3) in 1963 and a peak of US$175 in 1977. After that point it sagged back to trade in a $50-75 band for several decades before its revival in the new century.

The trade in concentrates diminished and the market relied more and more upon the APT quotation as a price guide since APT is the product traded in the largest quantity. Prices are mainly based on the quotations published twice a week by the London pricing service Fastmarkets, although other trade journals also publish quotations or indicative prices.

The chart below shows the price trends for APT during its "boom" period post-2011.



The chart on the following page shows that Tungsten has recently awoken from a long static period and is challenging the highs of this decade.



Source: Fastmarkets/Almonty Industries

The broader economic recovery should lead to increased competition for Tungsten concentrates in the global market between Chinese and non-Chinese processors and consequently result in an improving price structure for Tungsten and its products in the future. A jump in prices of APT to over $400 would not be unthinkable.

Our latest projections are shown in the table at the right:

It is worth noting though that these prices are still way below the nearly US$470 per MTU of Ammonium Paratungstate that was achieved in the first half of 2011. While the wild gyrations pushed APT prices to levels which fired up the industry it was those movements which ultimately ended most of the players in the space.

Pricing Projections

Tungsten APT	MTU (US$)
2023a	$312
2024e	$375
2025e	$415
2026e	$460

V**ictims & Challengers**

In the early 2000's to 2022 the Tungsten price was volatile. The market was dominated by Chinese producers with little to no trade restrictions or tariffs. The source of the supply was not an important consideration during this time period. That has changed dramatically in recent years where some consumers of Tungsten concentrate, and recycled material, have eschewed buying of material from China or sanctioned countries.

Predatory pricing practices by the Chinese (with a goal of "capturing" the machine tool industry for itself) produced a flurry of activity with threatened companies outside of China realizing that they urgently needed to find and secure long-term supply of Tungsten and its products from sources outside China.

This, in turn, led to increased investment in exploration and mine development activities outside of China, particularly in Vietnam, Australia and the Americas. Three former Tungsten mines were reopened: CanTung (owned by North American Tungsten) in Canada in 2005, the aforementioned Panasqueira (which was acquired by Sojitz) in Portugal in 2005 and Pasto Bueno (owned by Malaga Mining) in Peru in 2006.

Tellingly, since that time, North American Tungsten and Malaga went bust and Sojitz sold its Portuguese operation to Almonty Industries (which was run by the management group that had sold the mine to Sojitz previously). Wolf Minerals went bankrupt on its Hemerdon mine in England and then Woulfe Mining followed suit on Sangdong in South Korea.

During the period of market volatility assets were closed or sold. For example, Hemerdon passed to the hands of Tungsten West plc (LSE: TUN) and Sangdong was snapped up by Almonty (TSX-v: AII).

Ormonde Mining came to grief on Saloro in Spain and the asset passed, through private equity hands, to EQ Resources (who have revived Mt Carbine in Queensland) and W Resources plc, holders of the La Parrilla mine in Spain, delisted from the London Stock Exchange, disappearing from sight. Fireweed

Metals (TSX-v: FWZ) now holds the Mactung project (straddling the Yukon/NWT border) formerly held by North American Tungsten.

Thor Mining itself is an example of where an asset was passed on it the darkest moments to become the focus of a more determined effort by Guardian Metal.

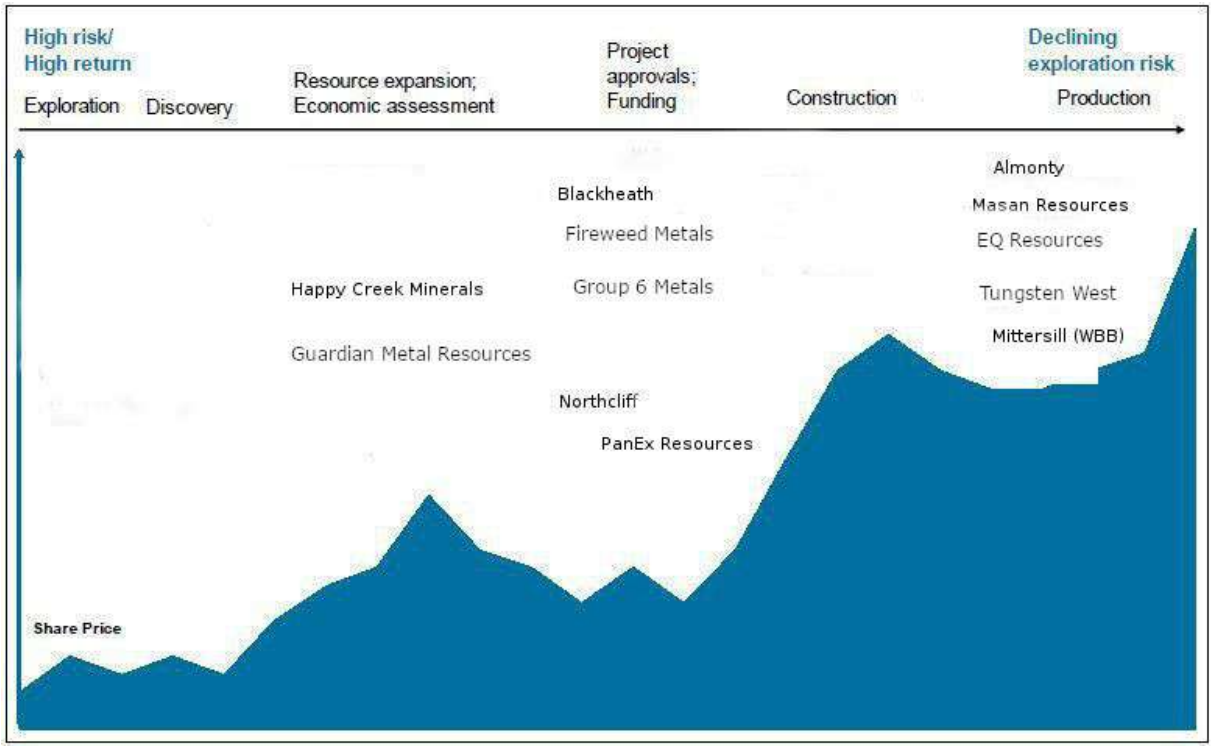
For the first time since 2010 there now exists a perfect window of opportunity for Tungsten developers to catch the attention of investors, as industrial end-users and the Western military scramble to secure alternative, more reliable sources of supply.

Interestingly, there has been consolidation with the survivors owning more than one producing asset in some cases). Therefore, investors now have a choice of a handful of Tungsten producer (and developer) stories out there. The push in U.S. reshoring efforts and Tungsten price is relatively recent, and therefore has not attracted the typical promotorial types of Vancouver or West Perth as of yet.

The Tungsten Lifecycle Chart

Our all-purpose Lifecycle chart, below, serves particularly well, in the case of Tungsten, to show the state of progress of the various players vis-à-vis each other on the exploration-production continuum.

Unlike past charts, where some of the players were not serious about getting to production, the culling of the ranks has left only the most devoted Tungsten players.



Riding the Washington Express

Developers in the specialty and critical metals spaces (and even in some base metals) now talk more of Washington D.C. than they do of Perth and Vancouver. One of the most propitious sources of funding these days is not the likes of private equity funds in mining, but rather the DPA III program of the U.S. DoD (Department of Defense) which is developing a policy of supporting worthy critical minerals projects.

The problem for pure promoters though is that the DoD is, careful, technical and diligent. They see through a pure promoter with night vision goggles.

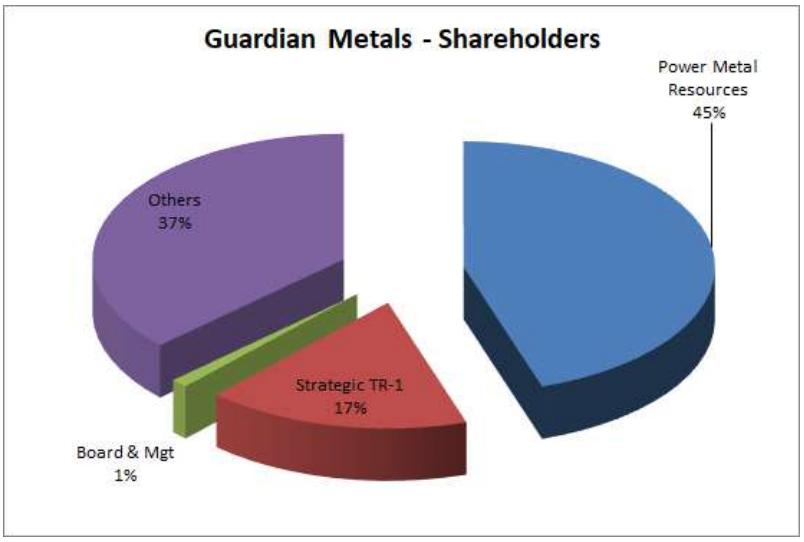
Guardian's Pilot Mountain hosts one of the few Tungsten projects in North America that has their interest, therefore is well positioned. In an interesting sidenote, in a publicly-released briefing from the US DoD's NDIA Manufacturing Division, it was disclosed that three Tungsten projects were in line for funding and one of those mentioned was Pilot Mountain, with a date of grant shown within 2024. The size of the funding was not revealed, nor is this written in stone, as the award was not officially announced.

Other Projects

Guardian has other assets which are of interest for copper and precious metals, including gold. These are also in Nevada. As the main focus is Tungsten these may be monetized at some point, or the company may circle back to them when Pilot Mountain is in production.

Shareholders & Financing

As this was originally spun-out from the London-listed Power Metal Resources PLC, it is not surprising that it holds a strong position. This has been diluted over time going from over 57% to now around 45%.



In the first half of March, the company undertook a raise of £750,000 through the issue of 5,000,000 new ordinary shares (representing 5.5% of the enlarged issued share capital of GMET) in a subscription from Purebond Ltd. at an issue price of 15p per share. This took Purebond up to around 7% ownership.

The subscriber received one warrant with every two shares subscribed for (i.e. 2,500,000 new warrants). The warrants have an exercise price of 25p per ordinary share and will expire two years after the date of the new shares' admission to trading on AIM.

Then, in mid-August, the company completed a strategic financing of £2,154,074.58 (US$2.75mn) through the issue of 7,978,054 ordinary shares at 27p per share. This represented 6.7% of the enlarged share capital of the Company at an issue price of 27p per share.

The subscribers received one warrant with every two subscription shares subscribed for (3,989,027 new warrants). These warrants have an exercise price of 40p per ordinary share and expire two-years after the date of the subscription shares' admission to trading on AIM.

There has been a consistent flow of warrant exercises in recent months, with a concomitant flow of funds into the company. This has taken the share count up to 119,292,385 by late September.

Board & Management

David Ovadia, non-executive chairman**,** is a British geologist who has extensive academic and business experience working in many parts of the world, including Africa, North America, Asia and Australasia. He holds a BSc degree in geology from Liverpool University and a MSc degree in applied geophysics from Birmingham University. He has had an extensive career spanning over 30 years in the private, public and academic sectors including leadership roles with the British Geological Survey (BGS), Spectrum General Partners Ltd., and International Geoscience Services Ltd., as well as visiting professorships at various universities in the UK and Africa. He was awarded the MBE in the New Year's Honours List 2011 for services to international science.

Oliver Friesen, CEO and Executive director**,** has spent over thirteen years in the mining and oil & gas sectors working in various technical and corporate roles. Most recently, he was a principal and co-founder of Ridgeline Exploration Services Inc., which oversaw and managed drilling and exploration programs for its global client base across many jurisdictions including Nevada. He holds a BSc (Hons.) degree in geology from University of British Columbia and a M.Sc. degree focusing on sedimentology from Simon Fraser University. He has been actively involved in mineral exploration since 2010 primarily working within Canada and the United States.

J.T. Starzecki, a non-executive director, has extensive experience in the junior mining and minerals space focused on market development, capital raising, project finance, business strategy, and product placement. He is currently the COO of 5E Advanced Materials (Nasdaq: FEAM | ASX: 5EA), which is developing a major boron mine in California. Prior to joining 5E, he was the Chief Marketing Officer for Anglo American Crop Nutrients, focusing on building the largest greenfield fertilizer mining operation

around the world. He has been a Board Advisor/Member to various junior mining companies focused on various minerals, including Gold, Magnesite, Kaolin and Nickel.

Mark Burnett, non-executive director**,** is Director of Mining Investments at RAB Capital, a leading mining specialist investor in London, with over 10 years investing and corporate finance experience in North America, South America, Australia and Africa. Working across a number of extractive industries including copper, precious metals and lithium. He holds a MPhil from University of Oxford and was an officer in the British Armed Forces.

Mick Billing, non-executive director, has over 40 years of mining and agri-business experience and a background in finance, specialising in recent years in assisting in the establishment and management of junior companies. His career includes experience in company secretarial, senior commercial, and CFO roles including lengthy periods with Bougainville Copper Ltd and WMC Resources Ltd. He has worked extensively with junior resource companies over the past 20 years. He is a nonexecutive director of ASX listed Argonaut Resources NL, and in recent past has also been Chairman & CEO of AIM- and ASX-listed Thor Mining PLC, and non-executive director of ASX listed Southern Gold Limited.

R. Michael Jones, Strategic Advisor, brings a background of around 40 years as a mine-finder, and builder and he has worked on strategic alliances with concentrate customers and end users of minerals products. He also founded a technology company to develop mineral use with Anglo American. He also was CEO of Cathedral Gold Corporation operating a producing gold mine in Nevada.

Chang Oh Turkmani, is a strategic advisor to the United States Government. She extensive experience in the import and export of industrial commodities, as well as the mining, manufacturing, construction, energy trading, shipping, environmental remediation, renewable energy, and investment advisory industries. She leverages her expertise in investing in critical minerals ranging from lithium, cobalt, nickel, tungsten, and rare earths, government procurement, structuring major infrastructure projects, and strategic planning to help oversee corporate execution.

Risks

The risks for the Tungsten space in general. These are:

- A reduction in global geopolitical instability
- A return to a weak Tungsten price
- Weakened global industrial demand (particularly in tools) that would soften price & volumes
- China manipulating the market in some way to again create distortions in price and trade patterns
- A tough financing market for junior explorer/developers

Most of these risks are different sides of the same price prism, with the exception of the market's

perception/disinterest in Tungsten.

China is not alone in creating scenarios in which prices will move higher (or lower). US tariffs are being used to make non-Chinese production of Tungsten more attractive. Many feel that China may look to restrict exports of tungsten, as they did with Antimony, for strategic reasons.

Financing remains difficult and dilutive when it takes place. The only way to harvest the more attractive price is to be in production and the only way to do that is to finance mine-builds/reactivations.

Conclusion

Historically, Tungsten is one of those metals where the fluctuating price makes it hard to plan a company's trajectory for more than a couple of years. The wild ride in pricing since 2008 made it particularly difficult to chart these waters. Now the trend is turning positive again with a firming price meeting a marketplace that has been deprived of new projects and seen most of the explorers vaporize. Even though the recovery is now in place, Tungsten is a metal that has failed to capture the market's interest due to generalized ignorance of its supply/demand dynamics. With the slow steady recovery in the price since mid-2017 there now exists a window of opportunity for Tungsten plays in the western world as end users look to secure alternative and more reliable sources of supply than China.

After years of low prices, with few new discoveries and developments, it is no surprise that Tungsten had fallen out of sight of investors and promoters (maybe not a bad thing). The mantra now though is Production, Production, Production. Having projects that are on the drawing board, and unlikely to leave it, does not charm funding out of the military in ANY country. This sets up a scenario where the non-serious will hopefully be relegated to a distant second place in the attentions of the markets.

Guardian Metals took a decidedly counter-cyclical path in pursuing Tungsten while the metal still languished in a morass of investor disinterest. Its wait though was not long as it listed in May 2023 and had to wait less than one year for the metal to begin its rise back into favour. Now it stands as one of the few companies in the space with, despite the strong rise in the Tungsten price, little sign of newcomers joining the fray.

The broader economic recovery should lead eventually to increased competition for Tungsten concentrates in the global market between Chinese and non-Chinese processors and consequently result in an increasing price structure for tungsten and its products in the future. A rise in prices of APT to over $400 in 2024 is not unthinkable and indeed likely if China restricts Tungsten exports.

Fortunately, Tungsten offtakers are proactive participants in the development of producing assets in this metal in a way that is not evident in other specialty metals.

The importance of potentially being the only US-domiciled source of essential primary Tungsten concentrate production in a world of increased geo-political tensions and a strong interest in re-shoring critical elements cannot be overlooked.

In light of the attractive, and most probably lasting, confluence of events in the Tungsten space, Guardian Metals finds itself in the right metal, in the right place at the right time, a rare occurrence.

We have afforded Guardian Metal Resources a **LONG** rating with a 12-month target price of GBP 88 pence.

Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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