12/04/2022

Dear Shareholders

A Fifth Option Agreement

We wanted to give you some very good news on our company Sarn Helen Gold.

In August 2021, your Board applied to the Crown Estate for an option agreement (effectively an exploration licence) encompassing the historical Dolaucothi Gold Mine. We could not apply for this area previously because it formed part of an option agreement held by another party which we knew was due to expire on 30th September 2021. We did not however believe that this agreement would be extended because so little work had been done and we made a pre-emptive application. This application highlighted the significant amount of work we had conducted during the Summer of 2021 on our existing four option agreements and committed to bring the same level of activity to the new area. In fact, in line with our previous approach we did not just apply for the area previously held by the previous option agreement holder, which only covered the immediate vicinity of the old mine, but for an area of 250km^2, this being the largest area that can be covered by one agreement.

The good news is that this application has now been accepted and as of April 1st we have five option agreements covering a total area of some 1,250km^2 of Pembrokeshire and Carmarthenshire strengthening our position as the holder of the most extensive option agreements in Wales. We believe this to be a Step Change for Sarn Helen Gold which moves us from being an early-stage exploration company undertaking soil sampling to a mid-stage exploration company with potential drill targets.

The Dolaucothi Mine

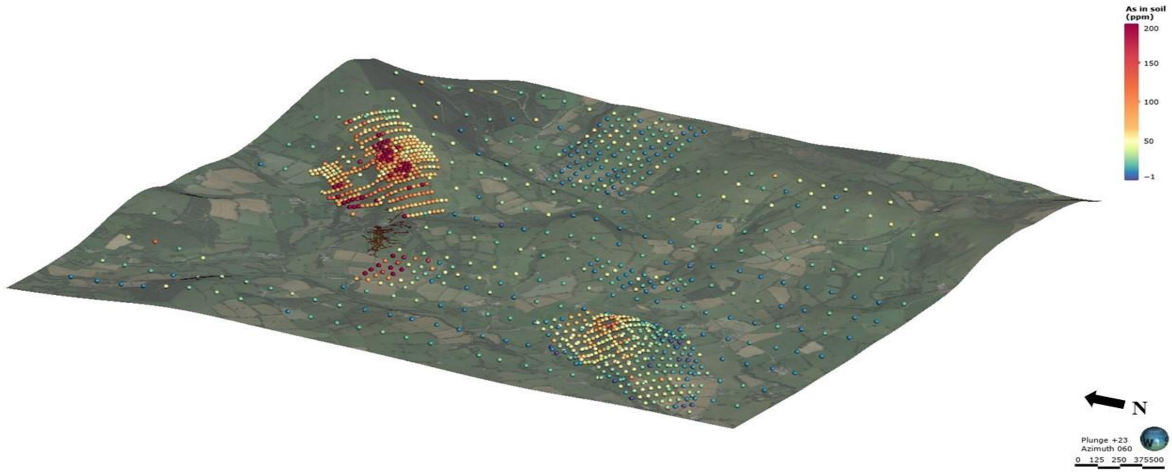
The Dolaucothi Mine is the only gold mine in the UK that was mined on a commercial scale by the Romans. It was then re-discovered in 1844 and between 1887 and 1912 it was operated by a variety of companies albeit that production was very small. Further exploration was undertaken between 1933 and 1934 and this led to the development of an underground mining operation that between 1935 and 1936, and then again between 1938 and 1939, reportedly produced over 1,500 ounces of gold at grades varying between 8.5 and 17.0 g/t Au. A proportion of the gold mined was free (and so easy to liberate at the mine site) and another proportion hosted within arsenopyrite (and so less easy to liberate) and so was being sent as a concentrate to Germany for further processing to recover the gold. Unsurprisingly mining stopped at the outset of WW2, even though the deepest faces remained in ore, and the workings were allowed to flood.

More recently Anglo Canadian Exploration carried out exploration in the vicinity of the mine between 1975 and 1990 with a lot of the work actually being done by Cardiff University's mining department (MINEX) which I took part in. This included several drillholes some of which intersected gold bearing quartz veins. Anglesey Mining then undertook further exploration and drilled more holes between 1995 and 2005 but no serious exploration has been done since.

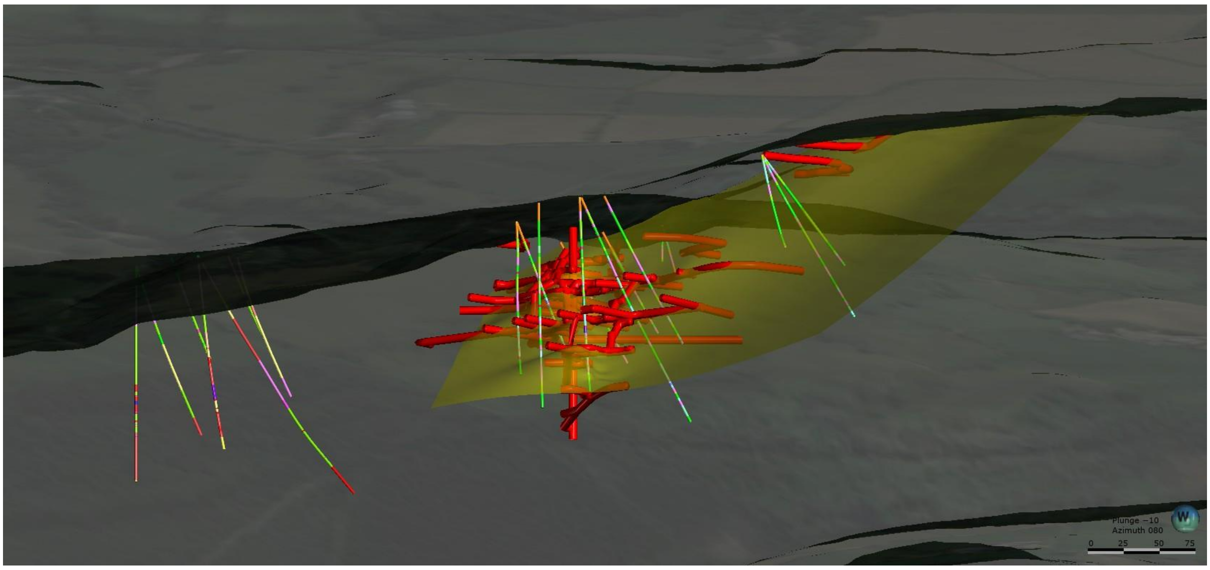
Notably in the late 1970s and early 1980s the MINEX department used the unflooded near surface part of the mine as a field centre and a small 400m^2 area of this (which is excluded from our option agreement) and which contains two adits (tunnels) and a connecting shaft, is currently being used for underground tours by the National Trust who own the Dolaucothi Estate.

A Step Change

We are very fortunate in that we have managed to obtain access to a significant amount of historical information on the Dolaucothi Mine (inclusive, for example, of mine captains reports and a report produced in 1948 that assessed the feasibility of reopening the mine) and also the exploration undertaken by previous explorers (inclusive of soil sampling results, drillhole logs and assay data and much of the actual drill core itself). Much of this data is held by a combination of Cardiff University and the Geological Survey both of whom have been very accommodating in allowing us to access this and which, in anticipation of being awarded the option agreement, we have been busy databasing and using to create a 3D model of the local geology. The figure below is a snapshot from our 3D model which shows the extent of soil sampling carried out in the vicinity of the mine colour coded by arsenic content which is a pathfinder for gold (i.e. higher arsenic values are often found in association with gold). Note that the old underground workings are outlined in dark red in the left centre of the figure immediately to the south west of the most intensive area of soil sampling.



As commented earlier in this update, obtaining this option agreement is a step change for us. As you know to date we have been undertaking early-stage greenfield exploration work, comprising mainly soil geochemistry and panning to try to identity mineralisation of a similar style to that mined at Dolaucothi and so focussed on looking for the same rocks and structural environment but in a different area. Obtaining this new option agreement and accessing the historical data on this, enables us not only to look in the immediate vicinity of an operating mine (which increases the chances of success) but also at down dip extensions to the mineralisation actually being mined. The figure below is another snapshot from our 3D model showing a close up of the old mine workings, some of the drillholes and (in yellow) an interpretation of the orebody that was being mined.



The Way Forward

Obtaining this new option agreement presents an opportunity but also a challenge. On the one hand we are confident we could target a drillhole now based on the information we have that would have a very good chance of intersecting potentially economic gold mineralisation. On the other hand, drilling is expensive and we would not want to embark on a programme before we have maximised the chances of its success and enable us to drill sufficient metres to add some real value. At the same time we still want to follow up on the results we obtained last year in Pembroke albeit this is still some way off defining a drillhole target.

So we are now busy developing a summer exploration programme for Dolaucothi (which may include a magnetic survey and/or drilling) and at the same time following up on the target areas highlighted by last year's exploration in Pembroke. A key aspect of the work at Dolaucothi is taking samples from the drillcore we have access to (this is essentially free drilling for us) and sending these to ALS in Ireland for assaying.

In addition to this we are also:-

1. Completing an orientation survey at Dolaucothi to compare different soil sampling and assaying methodologies
2. Undertaking soil sampling in Pembroke to follow up on the results obtained last year.
3. Finding accommodation in the Dolaucothi area.
4. Engaging with landowners to obtain access.
5. Developing a web site which we hope will be up and running in the next month and which will be used to update investors on developments.

Finally, we also recently held a successful stakeholder meeting in Pembrokeshire (shown below) to give to the landowners in Pembroke who allowed us to access their land to undertake our exploration and to give some feedback on this.

Funding Requirements

As of end-March we have some £130k in the bank account and are fully funded to undertake the work we are currently doing (items 1 to 5 listed above). We will however need to raise further funds to cover the summer exploration programme and also the renewing of the option agreements. How much we need clearly depends on the work programme which we hope to finalise during May.

This may be a moderate funding to undertake a similar level of work to last year or it may be a step up to undertake a programme of drilling at Dolaucothi. The price we set for this will be higher than the 72.5p used for the last raise and will be set when we have finalised our plans and, if materially higher, will be supported by input from an independent valuer. We will be in touch with you again once we have determined our detailed and costed exploration plans to give all existing shareholders the first opportunity to participate in this funding.

SEIS/EIS

As you will be aware from speaking to either Roger Murphy or myself, we have been granted approval to issue SEIS1 certificates to all those of you eligible for this. We have given everyone who is eligible the same split of the tax benefit, which equates to close to 55% of your investment. We are in the process of completing the SEIS1 forms and they will be posted out to each of you very shortly.

Once this is complete, and as dictated by laws relating to EIS, we will submit a separate application for EIS approval for the balance of 45% of the money already invested. Since we already have SEIS approval we think there is little doubt that this will be granted. We will then issue a second EIS1 certificate for the balance of your investment. As the cap on EIS investment is £5 million per year and £12 million for the company overall, the EIS tax incentive will be available to all future equity investments in the company, up to the £12 million limit.

Future Plans

Finally, our activities are starting to attract interest from the media and while to date we have not courted this, we may start to raise the profile of your company during the next 12 months with a view to a potential listing in the medium to long term dependent upon results.

In the meantime, we hope you are as excited by this news as we are and encourage you to get in touch if you have any questions.