Dear Shareholders

Sarn Helen Gold, our company, has been very busy this year, notwithstanding Covid restrictions, and we wanted to make this the first of an occasional but regular series of updates on our activities.

As this is the first of these updates we have tried to cover everything we have done to date, in order to ensure you are fully informed. In the future we will focus more on what the company has done since the last update. We'd welcome your input and questions so please do get in touch.

**General Activities since Inception**

In summary we have now:-

1. Obtained £280k investment from 30 shareholders (inclusive of the four founding shareholders) all of whom live in Wales, have a strong connection with Wales or are involved in the exploration and mining industry.
2. Applied for, and have been granted, four licences for gold exploration by the Crown Estate, three in Pembroke and one in Carmarthenshire.
3. Applied for, and been awarded, SEIS Advance Assurance by HMRC so that all individual UK based investors can benefit from the tax incentives that SEIS/EIS status brings. This is and will remain a significant incentive for people to invest in SHG given the tax benefits that accrue. Note that we have now prepared the SEIS1 submission to HMRC which once approved will allow us to issue certificates to all shareholders with UK tax to pay. These forms should be submitted with your tax return for the 2021/22 tax year.
4. Leased from the British Geological Survey its entire database of gold exploration data for South and West Wales.
5. Presented our plans for gold exploration representatives of the National Farmers Union in both Pembrokeshire and Carmarthenshire who have given us their support and are helping us obtain landowner approval for land access – we have already obtained enough approvals for us to explore a large part of the four initial target areas that we identified.
6. Completed a first full season of field work.
7. Applied for another gold exploration licence in Carmarthenshire covering the area immediately surrounding the old Dolaucothi Mine that was not previously available.

**Summer/Autumn 2021 Fieldwork**

The fieldwork we have undertaken to date has been done from an office/accommodation base we have established in Haverfordwest ideally located for our three Pembroke licences. The work undertaken was planned to both verify and leverage from work undertaken by the British Geological Survey (BGS) in the 1990s which it has done. Notably we:-

1. Retained two recently graduated geologists from Cardiff University to do desk research and to supervise the Phase 1 Fieldwork Programme which started on July 1st and finished in late September. One of these, Tristan English, continues to work for us while the other, Jamie Price, left us for a full time role with SRK in Cardiff in August. We have, however, replaced Jamie with another Cardiff graduate, Jasper Thomas, who remains employed by us.
2. Under a close relationship with Cardiff University Geology Department, sponsored six Cardiff University geology students to complete their summer placements helping us collect samples on our exploration licences. Specifically, we had three students with us

for the first six weeks of the field season and anther three for the second six weeks. In addition to undertaking field work while with us all are required to prepare a field work report on a particular aspect of the project which is due for delivery in January. We were involved in the development of these projects the aim of which is to help guide our exploration and are looking forward to the results early in 2022.

3. Formally engaged SRK Exploration Services (SRK ES) in Cardiff to provide overarching exploration support and advice inclusive of health and safety instruction and soils and steam sediment sampling and panning training. SRK ES has also completed a test drone DTM survey for us at no cost and offered us use of their ground magnetometers which we envisage deploying next year.
4. Collected, from our target areas in Pembrokeshire 4,422 soil samples, 149 rock samples and 37 pan concentrates (which yielded 111 grains of gold). All these grains come from one area and confirm historical work done the BGS which brought our attention to this area in the first place. Understanding the origin of these gold grains is the focus of one of the student projects.
5. Analysed all of the samples we have collected using a portable X Ray Fluorescence (XRF) machine (borrowed from SRK UK for the duration of the field season) which revealed several arsenic soil sample anomalies in one of our other target areas. This is significant because arsenic is a common pathfinder metal for gold (XRF can't be used to analyse directly for gold).
6. Submitted around 600 samples to the ALS lab in Ireland for gold assaying (we have to date received results for 400 with 200 still awaited).
7. Managed to access and log the core from several drillholes drilled on both one of our existing licences and on the licence have applied for (some of which is held at Cardiff University and some of which is held by the BGS) and which we intend to sample in 2022.
8. Commenced the analysis and interpretation of the XRF, fire assay and other results to help us plan next year's exploration season.

**Current Activity and Future Plans**

Sarn Helen has moved on very significantly during 2021. We have gone from an idea with four founding shareholders disbursing small amounts of money, to a company with 30 shareholders and four active exploration licences and one under application.

At the start of the year we had two founding Directors, Mike Armitage & Roger Murphy, but last month we augmented the board by adding Iestyn Humphreys, a founding shareholder, and David Pearn who became a shareholder during the July raise (a short biography for David is provided at the end of this message). Also on the corporate/company management front we have:-

1. Appointed Mike Armitage as Managing Director. Mike leaves SRK in January and has committed five days input per month to help advance our company.
2. Employed a bookkeeper, engaged an accountancy firm and submitted our first year's accounts.
3. Recognised that those shareholders committing a significant amount of time to the company (currently Mike Armitage, Alex Mikhailov & Roger Murphy) need to be reimbursed, for their time and effort and agreed that a share option scheme will be implemented to provide fair payment. The two directors not likely to benefit from this have been charged with putting a proposal together for this.

Our current technical work is focussed on interpreting the results from the 2021 field season, planning further fieldwork for Q1 and Q2 2022 and establishing access permissions to do this. We are doing this planning on the assumption that we will be awarded the additional exploration licence and balancing what we spend on this and on our existing licences. This work will likely comprise:-

1. Following up the arsenic anomalies and gold occurrences we have identified on our Pembroke licences to date.
2. Initial work on our existing Carmarthen licence which we have not been focussed on so far.
3. Soil sampling, magnetometry and panning on the new Dolaucothi licence which is in application – we are in the process of using the historical mine data which we have obtained with the help of Cardiff University and the BGS to develop a 3D model of the geology of this area and so guide our exploration.
4. Sampling and assaying the core available from the historical drilling completed on our licences both in Pembroke and Carmarthenshire.

With regards funds, as of 18th December we still had some £160k in the bank account and our current view is that we are funded to mid-2022 inclusive of the renewal of our licences. Assuming results continue to be positive however we may look to raise further funds Q2 or Q3 next year. This may be to fund further, similar, surface exploration or it may include drilling.

Finally, we are also in the process of setting up a web site for the company which will include an investor page which we envisage using for future updates.

To close we would like to thank you all for your support and wish you a Merry Christmas and a very prosperous New Year. We see significant opportunities for SHG next year and we look forward to communicating these to you as they are realised.

Mike

*David Pearn was born and educated in Neath, South Wales and graduated from Cardiff University (UWIST) with a degree in Pharmacy in 1987. After qualifying as a pharmacist, he worked for Boots across South Wales & then an independent pharmacy in Bridgewater. In 1990 he returned to Cardiff and opened his first pharmacy in Danescourt. Over the subsequent years he built up a pharmacy group that eventually comprised a chain of 20 pharmacies across South Wales with over 190 employees and an annual turnover of over £22 million. The Company, Pearn's Pharmacies Ltd, was sold in August 2021 to Knights Pharmacy Group.*

.