

SOUTHSTONE Q1 2020 OPERATIONAL UPDATE

VANCOUVER, BRITISH COLUMBIA — 27 December 2019 — Southstone Minerals Limited (“Southstone” or the “Company”) (TSX.V – SML) is pleased to announce the below Q1 Operational update.

OPERATIONAL UPDATE Q1 2020

Management is pleased to provide a production and operational update for the period of 1 September 2019 to 30 November 2019 (Q1 2020) on its project portfolio located in South Africa and Liberia.

DIAMOND PRODUCTION

Oena Diamond Mine, Republic of South Africa

Southstone continues to focus and prioritize its efforts on improving and increasing production at the Oena Diamond Mine. There are currently two mining contractors on site using eight pan plants to process both run of mine (“ROM”) and pan tailings and bantam material (“Tailings”) and one Bourevestnik (“BVX”) unit used for diamond recovery. During the production period, 8 August to 27 November 2019, a total of 344,480 tons of both ROM and Tailings were processed by both contractors.

A total of 1,085.20 carats (418 diamonds) were produced and sold with an average price of US\$1,844 per carat. Southstone is very pleased with the performance of the mining contractors on site who have continually increased and improved diamond production at Oena.

Mining and Processing Contractor – Bluedust 7 Proprietary Limited (“Bluedust”)

Bluedust continues mining in the “Sandberg Block” with five plants currently in operation. A total of 319 stones totaling 830 carats were produced and sold with an average price of US\$2,006.45 per carat.

Bluedust	Tonnes	Carats Produced	Number of Stones	Grade carats / 100 tons
ROM	167,220	830	319	0.50

This includes the following six special stones:

Carats	US\$/carat	Carats	US\$/carat
35.00	15,285.71	14.640	4,099.52
9.29	5,549.41	6.170	3,721.00
11.46	5,090.40	5.680	3,700.00

Number of Employees: 42

Health and Safety: No accidents or incidents were recorded

African Star Minerals and Oryx Joint Venture (ASM Oryx JV)

The ASM Oryx JV continued with mining in the “Oena Block” and processing with three pan plants. A total of 84 diamonds totaling 224.51 carats were produced and sold with an average price of US\$1,409 per carat.

ASM Oryx JV	Tonnes	Carats Produced	Number of Stones	Grade carats / 100 tons
ROM	174,480	254.90	98	0.14
Tailings	2,780	0.6	1	0.02

This includes the following six special stones:

Carats	US\$/carat	Carats	US\$/carat
8.180	3,464.84	7.010	2,605.99
10.63	3,066.79	14.510	2,520.47
9.920	2,641.13	5.290	2,520.00

Number of Employees: 24

Health and Safety: No accidents or incidents were recorded

Total Combined Production for Bluedust and the ASM Oryx JV

Total Combined Production	Tonnes	Carats Produced	Number of Stones	Grade carats / 100 tonne
ROM and Tailings	344,480	1,085.20	418	0.31

COAL – METALLURGICAL AND MINING PROJECTS

Kwena Group, Republic of South Africa

Three months ROM and discard throughput for the three Exxaro Coal Central Proprietary Limited (ECC) operations were below budget due to the DCMW plant upgrade:

	Actual (tonnes)	Budget (tonnes)	Variance (tonnes)
Dorstfontein Coal Mine East (DCME)	723 955	686 028	37 927
Dorstfontein Coal Mine West (DCMW)	439 292	320 651	118 641
Forzando Coal Mine (FZN)	1 009 975	1 035 422	(25 447)

Number of full-time employees: 231

Number of part time employees: 23

Health and Safety: No reportable incidents recorded for the three Kwena Group operations during Q1 2020.

DIAMOND EXPLORATION

MANO RIVER PROJECT, Republic of Liberia

The Company has requested and received preliminary approval to add gold mineral exploration to its existing Mineral Exploration License MEL7003018. The exploration program is presently being amended to include gold exploration.

ON BEHALF OF THE BOARD OF DIRECTORS OF

SOUTHSTONE MINERALS LIMITED

Mr. Samer Khalaf
Chief Executive Officer
Southstone Minerals Limited

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statement

Certain information set forth in this news release contains “forward-looking statements” and “forward-looking information” under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements, which include management’s assessment of future plans and operations and are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as “forecasts”, “estimates”, “expects” “anticipates”, “believes”, “projects”, “plans”, “outlook”, “capacity” and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them.

Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to statements with respect to the estimation of mineral resources; the realization of mineral resource estimates; anticipated future production, capital and operating costs; cash flows and mine life; potential size of a mineralized zone; potential expansion of mineralization; potential types of mining operations; permitting timelines; government regulation of exploration and mining operations; risks that the presence of diamond deposits mentioned nearby the Company’s property are not indicative of the diamond mineralization on the Company’s property, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, risks that the actual revenues will be less than projected; risks that the target production for the existing mining contracts will be less than projected or expected; risks that production will not commence as projected due to delay or inability to receive governmental approval of the Company’s acquisition or the timely completion of an NI43-101 report; technical problems; inability of management to secure sales or third party purchase contracts; currency and interest rate fluctuations; foreign exchange fluctuations and foreign operations; various events which could disrupt operations, including labor stoppages and severe weather conditions; and management’s ability to anticipate and manage the foregoing factors and risks.

The forward-looking statements and information contained in this news release are based on certain assumptions regarding, among other things, future prices for coal and diamonds; future currency and exchange rates; the Company’s ability to generate sufficient cash flow from operations and access capital markets to meet its future obligations; coal consumption levels; and the Company’s ability to retain qualified staff and equipment in a cost-efficient manner to meet its demand. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking statements. The Company does not undertake to update any of the forward-looking statements contained in this news release unless required by law. The statements as to the Company’s capacity to achieve revenue are no assurance that it will achieve these levels of revenue.