

Q2 and Q3 2020 OPERATIONAL UPDATE

VANCOUVER, BRITISH COLUMBIA — 8 July 2020 — Southstone Minerals Limited (“Southstone” or the “Company”) (TSX.V – SML) is pleased to provide a production and operational update for the period of 1 December 2019 to 28 February 2020 (Q2 2020) and 1 March to 31 May 2020 (Q3 2020) on its project portfolio located in South Africa.

Oena Diamond Mine, Republic of South Africa

Southstone continues to focus and prioritize its efforts on the Oena Diamond Mine. There is currently one mining contractor on site using eight (8) pan plants to process run of mine (“ROM”) material and one Bourevestnik (“BVX”) unit used for diamond recovery.

Production results for both Q1 and Q2 were impacted as a result of the mandatory closure of the mine for the period from 26 March 2020 to 3 May 2020 due to COVID-19. A total of 803.92 carats (112 diamonds) were produced, placed on tender and sold with an average price of US\$1,957 per carat.

Bluedust	Carats Produced	Number of Stones	US \$ / carat
Q2 2020 ROM	588.14	77	1,942
Q3 2020 ROM	215.78	35	2,001

The Oena Diamond Mine continues to produce very large and high-quality diamonds as summarized below.

All stones > 10 cts			
Stone	Stone Size (carats)	Sold Price US \$	US \$ / carat
1	52.62	\$127'975	\$2'432
2	44.25	\$243'000	\$5'492
3	37.03	\$188'962	\$5'103
4	35.00	\$535'000	\$15'286
5	33.54	\$111'095	\$3'312
6	33.36	\$105'084	\$3'150
7	32.01	\$85'999	\$2'687
8	19.42	\$39'500	\$2'034
9	15.16	\$34'068	\$2'247
10	14.74	\$42'900	\$2'910
11	14.64	\$60'017	\$4'100
12	14.51	\$36'572	\$2'520
13	13.52	\$24'350	\$1'801
14	12.75	\$65'025	\$5'100
15	12.74	\$19'525	\$1'533
16	11.46	\$58'336	\$5'090
17	11.11	\$23'450	\$2'111
18	10.65	\$11'406	\$1'071
19	10.63	\$32'600	\$3'067
20	10.63	\$33'488	\$3'150
21	10.51	\$91'560	\$8'712
22	10.34	\$53'555	\$5'179
23	10.23	\$34'581	\$3'380

Kwena Group, Republic of South Africa

Shareholders approved the disposition of the Kwena Group on 15 May 2020 and the Company received final approval from the TSXV on the 25 May 2020. This disposition of the Kwena Group resulted in a total of 4,527,416 shares being returned to treasury and the forgiveness of outstanding indebtedness of the equivalent of CAD \$1.2M.

The Company also announces that it has agreed to settle outstanding indebtedness in the sum of \$35,430 to two creditors by the issuance of 708,600 common shares in the capital stock of the Company at a price of \$0.05 per share, which transaction is subject to the approval of the TSX Venture Exchange.

BOARD OF DIRECTORS OF 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; COVID-19; 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.