

**Q4 2020 OPERATIONAL UPDATE, RECOVERY OF A 63.88 CARAT DIAMOND AT OENA
AND JOINT VENTURE WITH GUMROCK MINING**

VANCOUVER, BRITISH COLUMBIA — 5 October 2020 — Southstone Minerals Limited (“Southstone” or the “Company”) (TSX.V – SML) is pleased to provide a production and operational update for the period 1 June 2020 to 31 August 2020 (Q4 2020) on its project portfolio located in South Africa.

Oena Diamond Mine, Republic of South Africa

Production at the Oena Diamond Mine during Q4, 2020 operated normally and during the period a 63.88 carat diamond, the largest diamond recovered by Southstone, was recovered. In addition, a 42.06 carat and 31.14 carat diamond were recovered and sold. There is 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 Q4:

	Carats Produced	Number of Diamonds	US \$ / carat average
Q4 2020 ROM	479.9	145	1,988

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

Top 10 Diamonds by Value per Carat for Q2, 2020			
Diamond	Diamond Size (carats)	Sold Price US \$	US \$ / carat
1	42.06	\$338'583	\$8'050
2	63.88	\$256'111	\$4'009
3	12.36	\$45'000	\$3'641
4	6.02	\$14'900	\$2'475
5	8.18	\$18'888	\$2'309
6	5.01	\$10'400	\$2'076
7	3.66	\$7'398	\$2'021
8	31.14	\$60'160	\$1'932
9	2.66	\$5'054	\$1'900
10	8.75	\$15'700	\$1'794

Gumrock Mining (Pty) Ltd Joint Venture, Republic of South Africa

Southstone is pleased to announce it has entered into a Production - Exploitation Joint Venture Operating Agreement (the “Joint Venture”) with Gumrock Mining (Pty) Ltd (“Gumrock”). Gumrock has been successfully operating in the alluvial diamond mining business all over South Africa for over 26 years and adds another expert mining contractor to Southstone alluvial diamond operations. The Joint Venture allows Southstone to follow its corporate strategy to quickly exploit near term diamond production opportunities in South Africa.

The Joint Venture contemplates operations ranging from 7,000 to 40,000 tonnes per month, has a term of five (5) years commencing on 1 October 2020 to 30 September 2025 and will focus on extracting diamonds from any concessions or mining permits that may be agreed to by both parties within the Republic of South Africa. Southstone has purchased a 14-foot pan plant and conveyor to contribute to the Joint Venture, which remains the property of Southstone and Gumrock has provided a 20-ton excavator, front end loader, pumps and other required mining and support equipment.

The Joint Venture denotes a 50%-50% split of all operating costs and all profits or losses.

Farm Kareepan Contractors Agreement

Gumrock, on behalf of the Joint Venture, has entered into its first Contractors Agreement on portions of Farm Kareepan 177, Farm Goegedacht 197, Farm Kameelpan 148, Farm Leeuwfontein 185 and Farm Kameelboom 150 (collectively the "Property"). The Property covers 1,819 hectares and is located in the North West Province of South Africa approximately 200 kilometers north east of Kimberley. The Contractors Agreement is initially for a six-month period during which time the Joint Venture will pay a 15% gross sales royalty to the landowner and any diamonds sold for over 2 million South African Rand will be subject to a 20% gross sales royalty.

The Joint Venture has commenced test pitting on the Property and to date over 60 test pits ranging from 1 to 5 meters in depth have been completed and mapped. It is anticipated that test pitting will continue for another 1 to 2 weeks and once an understanding is reached with the location of the favorable gravels, bulk sampling will commence. Any diamonds recovered during this period will be sold on open tender.

Farm Panfontein 58 HO

The Company has terminated the Farm Panfontein 58 HO Acquisition Agreement due to certain suspensive conditions not being met for closing.

Mano River, Republic of Liberia

Given the outlook for the current global pandemic situation, the Company has determined that it will relinquish the Mano River Project permit.

THE 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.