

APPOINTMENT OF THREE MINING CONTRACTORS AT OENA DIAMOND MINE, SOUTH AFRICA

VANCOUVER, BRITISH COLUMBIA — 31 AUGUST 2023 — Southstone Minerals Limited (“Southstone” or the “Company”) (TSX.V – SML) is pleased to announce that African Star Minerals (Pty) Ltd. (“ASM”), the Company’s 43% owned subsidiary, has entered into three Contract Mining and Diamond Recovery Agreements (the “Agreements”) with Zandfontein Delwery (Pty) Ltd (“Zandfontein”), Blourug Diamante (Pty) Ltd (“Blourug”) and Triangle Mining CC (“Triangle”), collectively the “Contractors” at Oena Diamond Mine (“Oena”), South Africa. Each of the three Contractors will initially focus on mining a separate portion of the Oena Mining License, including the Sandberg, Oena and Blokwerf Sections, respectively (see Map 1). A single centrally located diamond recovery plant is being mobilized with Bouvestnik X-Ray Equipment (“BVX”) that will be used for diamond recovery for the entire mine. Mining operations commenced in August 2023, as further detailed below, with first diamond sales scheduled for November 2023.

Since acquisition by the Company, Oena has produced 8,554 carats with an average stone size of 2.01 carats and average sales price of USD \$1,626 per carat (Table 1). Oena produces a significant number of Specials, diamonds greater than 10.8 carats, with over 40% of the Specials valued at >USD\$5,000 per carat being produced from Sandberg (Table 2 and 3).

Zandfontein will focus on mining at Sandburg Section (see Map 1) and commenced mobilization of mining and screening equipment in June 2023. A 250 tonne per hour (tph) Bell mobile screen and supporting excavators, dumpers and loaders are now on site. Mining commenced in August and ongoing work includes screening and stockpiling feed for two sixteen-foot pan plants. Diamond production is scheduled to begin in October upon completion of the plant setup.

Blouroug will focus on the Oena Section (see Map 1) with a similar scale operation. Mobilization of mining and screening equipment is ongoing, and updates will be provided during the quarter as to the production schedule.

Triangle will focus on the Blokwerf Section (see Map 1) with mobilization and mining operations scheduled to commence in January 2024.

Agreement Terms

The Contractors, at their own cost and expense, will provide and maintain all the Plant and Equipment as required to perform the Mining Services. The diamonds produced by the Contractors will be sold via a designated Tender Facility in South Africa and 80% of the gross income of net diamond sales, less commission, and eligible expenses, will be paid to the Contractors for the duration of the six-year Agreement. For any individual stones recovered with a gross selling price, less commission, of greater than ZAR 10,000,000 (approximately USD250,000), the Contractors will be paid 70% of the gross income.

The Contractors all specialize in the processing of alluvial diamond deposits in South Africa and at Oena they will operate 24 hours a day, 6 days a week with 3 weeks on and 1 week off per month - scheduled to match the monthly tender sales.

Oena Diamond Mine Production (since acquisition)

	Total carats sold	Total Number of Diamonds	Average Diamond Size (carats)	Average USD per carat	Approx. Total Sales (USD)
July 2015 to March 2023	8,554	4,247	2.01	1,626	\$13,912,000

Table 1 – Oena Diamond Mine production from July 2015 to March 2023

Sandberg Section Summary

Since November 2018, Southstone has produced 2,690 carats (1,157 diamonds) averaging 2.33 carats per stone. Although the volumes mined at Sandberg comprise approximately 25% of the total volumes mined by Southstone at Oena (including Oena Proper, Sandberg and Blokwerf) since July 2015, Sandberg has produced 42% of the >10.8 carat Special diamonds valued at >USD\$5,000/carat.

Table 2 lists some of the exceptional diamonds that have been recovered from the Sandberg Section over 10.8 carats and Table 3 provides images of a select number of the diamonds.

Diamond	See Photo	Section	Sales Weight (carats)	USD per carat	Total USD
1	below	Sandberg	44.250	\$5'492	\$243'000
2	below	Sandberg	37.030	\$5'103	\$188'962
3	below	Sandberg	35.000	\$15'286	\$535'000
4	below	Sandberg	32.218	\$1'809	\$58'289
5	below	Sandberg	26.410	\$12'680	\$334'900
6	below	Sandberg	26.340	\$5'884	\$155'000
7	below	Sandberg	22.020	\$7'720	\$170'000
8	below	Sandberg	20.112	\$4'031	\$81'084
9		Sandberg	19.420	\$2'034	\$39'500
10	below	Sandberg	18.730	\$8'270	\$154'889
11		Sandberg	16.922	\$3'137	\$53'100
12		Sandberg	15.250	\$5'016	\$76'499
13		Sandberg	14.800	\$2'910	\$42'900
14		Sandberg	13.200	\$2'121	\$27'999

Table 2 – Sandberg Special diamonds >10.8 carats (only a partial list)

The technical disclosure in this news release has been approved by Terry L. Tucker, P.Geo., Executive Chairman of the Company and a Qualified Person as defined by National Instrument 43-101 of the Canadian Securities Administrators.

ON BEHALF OF THE BOARD OF DIRECTORS OF SOUTHSTONE MINERALS LIMITED

Terry L. Tucker, P.Geo.
Executive Chairman

info@southstoneminerals.com

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.



Map 1 – Location of Mining Sections and Mining License Boundary, Oena Diamond Mine.

Diamond	Size (carats) Value (USD) Date	Photo
1	44.25 carats \$5,492 per carat (\$243,000) Sandberg 20 March 2020	
2	37.03 carats \$5,103 per carat (\$188,962) Sandberg 24 February 2020	
3	35.00 carats \$15,286 per carat (\$535,000) Sandberg 28 November 2019	
4 and 8	Sandberg – parcel of 16 stones 32.218 carats \$1,807 per carat (\$58,289) 20.112 carats \$4,031 per carat (\$81,084) 23 November 2020	
5	26.41 carats \$12,680 per carat (\$334,900) Sandberg – parcel of 3 stones 3.85 carat 3.25 carat 24 January 2019	


6	<p>26.34 carats \$5,884 per carat (\$155,000) Sandberg 18 September 2020</p>	
7	<p>22.02 carats \$7,720 per carat (\$170,000) Sandberg 1 June 2021</p>	
10	<p>18.73 carats \$8270 per carat (\$154,889) Sandberg 24 January 2019</p>	

Table 3 – Oena Diamond Mine diamond photos of select diamonds from Sandberg production.