

Interim Management's Discussion & Analysis

*** Quarterly Highlights ***

This Management's Discussion & Analysis – Quarterly Highlights (“**Quarterly Highlights**”) of Southstone Minerals Limited (the “**Company**” or “**Southstone**”) is prepared as of July 22, 2026 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the nine months ended May 31, 2026, as well as the audited financial statements for the year ended August 31, 2025.

The interim unaudited financial statements have been prepared by management in accordance with International Accounting Standards 34 ‘Interim Financial Reporting’ using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

All figures are in Canadian dollars unless otherwise stated. Additional information, including the above-mentioned financial statements are available on SEDAR+ and may be accessed at www.sedarplus.ca.

Date

This MD&A is dated as of July 22, 2026.

Forward-Looking Information

This MD&A includes "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information consists of statements that are not historical fact and that reflect the Company's current expectations, estimates, plans, and projections about future events and operating results. Forward-looking information is often, but not always, identified by words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar expressions suggesting future outcomes.

Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the Company's ability to continue as a going concern and to secure additional financing; expected diamond production, sales, and tender outcomes from the Oena Diamond Mine; the timing and amount of cash repatriation from South Africa following Reserve Bank of South Africa approvals; the continued operation of the Company's contract miner at Oena; and the Company's ongoing compliance with regulatory and exchange-control requirements in South Africa and Canada.

Material Risks and Uncertainties

Forward-looking information involves known and unknown risks, uncertainties, and other factors that could cause actual events or results to differ materially from those projected. Material risks and uncertainties include, but are not limited to:

- the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and the Company's continuing dependence on its ability to secure additional financing, on terms acceptable to the Company or at all;
- the Company's reliance on a single contract miner, Rietput Delwery BK, at the Oena Diamond Mine, and the conditional revenue split introduced by the August 1, 2025 amendment to the Contract Mining and Diamond Recovery Agreement, which can result in a materially lower share of tender proceeds being attributable to ASM where the Gross Selling Price for any single Tender Sale is less than ZAR 10,000,000;
- disruptions to diesel and fuel supply in the Republic of South Africa, together with sustained fuel price escalation, both of which are currently affecting mining operations at Oena and may continue to constrain production volumes and increase contractor operating costs;
- the maturity, on August 31, 2026, of the unsecured term loan with CC Mining Limited, and the risk that the lender may decline to agree to any further extension on terms acceptable to the Company;
- the requirement to obtain Reserve Bank of South Africa approval for the repatriation of diamond sale proceeds, and the risk of delay or refusal of any such approval;
- volatility in diamond prices and variability in tender outcomes, including significant variance in the realized proceeds of any single tender and the dependence of the Company's results on the recovery and sale of higher-value individual stones;
- the carrying value and net realizable value of rough diamond inventory, including the period during which inventory remains on hand prior to tender;
- movements in the South African Rand, the United States Dollar, and the Canadian Dollar, and the Company's policy of not entering into forward foreign-exchange cover;
- operational risks inherent in the mining industry, including risks relating to exploration, development, and production; the uncertainty of estimates and projections in relation to production, costs, and expenses; and health, safety, and environmental risks;
- the Company's ability to obtain and maintain all permits, consents, and authorizations required for its operations, including the New Order Mining Lease - which is due for renewal in March 2027 - and the rehabilitation provision financial requirements accepted by the Department of Mineral Resources;
- the rehabilitation requirements that relate to the Oena Diamond Mine (which at May 31, 2026 were \$563,569);
- risks associated with international business activities and with negotiating with foreign governments and regulators; and
- those additional risks described in the Company's other public disclosure documents filed on SEDAR+ at www.sedarplus.ca.

Material Factors and Assumptions

The forward-looking information in this MD&A is based on a number of material factors and assumptions, including: that the Company's contract miner will continue to operate at Oena substantially in accordance with the Contract Mining and Diamond Recovery Agreement, as amended; that fuel and other critical inputs will remain available to the contract miner at Oena, notwithstanding the disruptions described above, in quantities sufficient to permit continued production; that tender sales will continue to occur at the established designated tender house in the Republic of South Africa on a substantially regular schedule; that Reserve Bank of South Africa approvals for the repatriation of diamond sale proceeds will continue to be granted on a timely basis; that the Company will be able to refinance, extend, or otherwise manage its maturing financial obligations; that there will be no materially adverse changes in the Republic of South Africa's mining, exchange-control, environmental, tax, or other applicable laws and regulations; and that exchange rates between the Canadian Dollar, United States Dollar, and South African Rand will remain within ranges historically experienced by the Company.

Readers are cautioned that the foregoing lists are not exhaustive. Forward-looking information is provided for the purpose of assisting readers in understanding the Company's current expectations and plans, and

may not be appropriate for other purposes. The forward-looking information contained in this MD&A is made as of the date hereof. Except as required by applicable securities laws, the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events, or otherwise. The forward-looking information in this MD&A is expressly qualified by this cautionary statement.

Analysis of the Company's Financial Performance and Condition

The Company is reporting net income for the nine months ended May 31, 2026 of \$509,870, compared to a net loss of \$3,274 for the comparative period ended May 31, 2025.

The biggest impact on the results is the increase in production, with gross profit higher by \$1,815,096 compared to the period ended May 31, 2025. These gains were partially offset by higher professional fees of \$174,084 in the period ended May 31, 2026, compared with \$58,862 in the period ended May 31, 2025, higher office and general expenses of \$350,140 in the period ended May 31, 2026 compared with \$66,904 in the period ended May 31, 2025, higher selling expenses of \$212,129 in the period ended May 31, 2026 compared with \$23,926 in the period ended May 31, 2025, and higher management and consulting expenses of \$869,657 in the period ended May 31, 2026, compared with \$131,210 in the period ended May 31, 2025.

Non-Exploration Expense Summary

A summary of the non-exploration activity from continued operations is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2026	2025	2026	2025
Revenues	\$ 6,497,010	\$ 1,295,627	\$ 14,141,939	\$ 1,595,039
Cost of sales	(5,273,444)	(1,031,899)	(11,995,415)	(1,263,611)
Gross profit	1,223,566	263,728	2,146,524	331,428
Expenses				
Amortization	(8,972)	-	(13,370)	(109)
Foreign exchange gain	(4,881)	(15,708)	43,131	20
Management and consulting	(511,130)	(40,455)	(869,657)	(131,210)
Office and general	(231,705)	(15,103)	(350,140)	(66,904)
Professional fees	(57,264)	(19,104)	(174,084)	(58,862)
Selling expenses	(97,455)	(17,678)	(212,129)	(23,926)
Shareholder information	(5,277)	(2,294)	(15,928)	(15,780)
	(916,684)	(110,342)	(1,592,177)	(296,771)

- The foreign exchange gain relates to fluctuations in the South African Rand against the Canadian dollar for the nine months ended May 31, 2026 and 2025.
- Management and consulting fees increased in the first nine months of fiscal 2026 compared to fiscal 2025, primarily reflecting increased ASM management fees following the resumption of full-scale mining operations at Oena.
- Office and general fees increased in the nine months ended May 31, 2026 compared to the nine months ended May 31, 2025 due to increased accounting, insurance, travel and telephone expenses.
- Professional fees increased in the nine months ended May 31, 2026 compared to the nine months ended May 31, 2025 due to higher utilization of professional consultants. These services include, but are not limited to audit, legal, advisory and environmental.

- Selling expenses increased in the first nine months of fiscal 2026 compared to fiscal 2025 due to higher tender house commissions from increased sales.

Liquidity

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company historically generates cash flow from both operations as well as financing activities. As at May 31, 2026, the Company had cash of \$798,674 to settle current liabilities of \$3,606,267. During the period ended May 31, 2026, the Company repaid the loan with third party, CC Mining Limited, in the amount of \$110,400 (US\$80,214). All principal and interest under the loan agreement have been repaid and the loan agreement is to be discharged in accordance with its terms. The Company expects to meet its remaining financial commitments through accounts receivable collections, loans, private placements, debt conversion, and revenue/cash flow generated from its operations.

As at May 31, 2026, the Company has an accumulated deficit of \$22,188,947. The Company will require additional financing in order to further develop its business, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to secure additional financing, for which there can be no assurance. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

Corporate Activities

On February 24, 2025, the Company received conditional approval from the TSX Venture Exchange in connection with its proposed acquisition of Afrium Energy Pte. Ltd. ("Afrium"), a private Singapore corporation that holds indirect interests in uranium prospecting licences in the Republic of Botswana. Subject to the terms of the agreement, the Company has agreed to acquire a 100% interest in Afrium for 20,000,000 common shares of the Company. Afrium shareholders will receive a 2.5% net smelter return royalty ("NSR") on the licences, with an option for the Company to repurchase each 0.5% of the NSR for \$1.5 million to a maximum total aggregate amount of \$7.5 million.

Subsequent to the period ended May 31, 2026, the Company has entered into a mutual termination deed with Afrium, terminating the binding term sheet dated February 18, 2025, as amended, in respect of the Company's proposed acquisition of all of the issued shares of Afrium. Under the term sheet, the Company had agreed to acquire Afrium in consideration for 20 million common shares of the company and the grant of a 2.5-per-cent net smelter return royalty. Closing did not occur, no common shares were issued, and no royalty was granted.

On August 1, 2025, African Star Minerals (Pty) Ltd ("ASM") and Rietput Delwery BK ("Rietput") amended the Contract Mining and Diamond Recovery Agreement dated January 31, 2025. The Amendment introduced a conditional revenue split based on tender sale value: where the Gross Selling Price for any single Tender Sale is less than ZAR 10,000,000, the Total Gross Income from that Tender Sale is distributed 85% to Rietput and 15% to ASM; where the Gross Selling Price equals or exceeds ZAR 10,000,000, the original 80%/20% split applies. The Amendment was countersigned by Rietput on November 17, 2025. All other provisions of the Agreement remain unchanged and in full force and effect.

On May 25, 2026, the Company appointed Kevin Ma to the board of directors of the Company as an independent director and chair of the audit committee and appointed Derek Sobel as Chief Financial Officer.

Transactions with Related Parties

The Company incurred the following expenditures charged by directors and officers or companies controlled by directors and officers of the Company and its subsidiary:

	May 31, 2026		May 31, 2025	
Directors fees	\$	12,426	\$	12,661
Consulting fees (included in management and consulting)		143,282		127,549
Commissions		159,898		8,966
Total	\$	315,606	\$	149,176

Management fees are paid as and when funds are available. Management fees are broken down as follows:

	Period ended May 31,			
	2026		2025	
Terry Tucker (Director, Executive Chair and Interim CEO)	\$	62,085	\$	63,520
Neil Budd (Director)		12,426		12,661
Wiklow Corporate Services - Donna Moroney (Corporate Secretary & Director)		54,000		54,000
Nadim Makki (CEO, ASM)		187,095		18,995
Total	\$	315,606	\$	149,176

As at May 31, 2026, \$545,045 (August 31, 2025 - \$483,491) is owed to directors and officers of the Company. Amounts owing are non-interest bearing, unsecured and due on demand.

Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.