

# Southstone Announces Proposed Acquisition of Remaining 90% Interest in Padstone Pte. Ltd.

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VICTORIA, Jan. 10, 2024 - [Southstone Minerals Ltd.](#) ("Southstone" or the "Company") (TSX.V - SML) announces that it entered into a share purchase agreement (the "Agreement") with five arm's length parties, collectively the "Sellers", setting out the terms of an acquisition (the "Acquisition") of the remaining 90% interest of the issued and outstanding shares of Padstone Pte. Ltd. ("Padstone") a private Singaporean company. Southstone is currently a passive shareholder of Padstone, holding a minority 10% interest.

Padstone, via a wholly owned subsidiary, has applied for two alluvial and kimberlite diamond exploration permits in the Republic of Guinea, collectively the "Soromaya Project" or the "Permits". The Soromaya Project is both an alluvial and kimberlite diamond exploration project and covers an area of 198.54 square kilometers and located northwest of the diamond mining town of Banankoro, approximately 574 kilometers east of the capital, Conakry. The Company can provide no assurance as to when, or if, the Permits, will be granted.

In consideration for the Acquisition, the Sellers will be issued, on a pro-rata basis, an aggregate of 15,500,000 common shares of Southstone (the "Consideration Shares"), with a deemed value of CAD\$0.01, and will be paid a deferred pro-rata cash payment in the amount of USD\$100,000, payable within 24 months from the closing date of the Acquisition. Southstone has also agreed to reimburse up to a maximum amount of USD\$100,000 in interest-free Padstone shareholder loans, the proceeds of which were used to fund working capital and general corporate purposes. Repayment of the loans is due within 18 months from the closing date of the Acquisition. There is no factual financial information of Padstone to report at this time.

The Agreement with the Sellers will be executed on the 10 January 2024 and closing of the Acquisition is subject to (i) the two Permits being granted for a period of not less than three years, (ii) a title opinion on the Soromaya Project and corporate legal opinion for Padstone, and (iii) completion of an independent National Instrument 43-101 Report (the "Report") on the Soromaya Project, as well as any other conditions that may be required by the TSX Venture Exchange. Only upon granting of the Permits can the Report be completed and therefore there are a number of significant milestones required to ultimately close this Acquisition.

The Company has been informed by the Canadian Investment Regulatory Organization ("CIRO") and the TSV Venture Exchange that trading of the Company must be halted and will remain halted pending receipt and review of acceptable documentation regarding the Fundamental Acquisition pursuant to Section 5.6(d) of Exchange Policy 5.3.

Southstone currently holds a minority 10% interest in Padstone; however, in the event that the Acquisition is not concluded by 31 March 2024 (the "Long-stop Date"), this 10% interest returns to Padstone's treasury. Accordingly, Southstone deems Padstone to be arm's length on the following basis: (i) no officers or directors hold office in the other company; (ii) the Company is a passive shareholder and has no control over the direction or management of Padstone; and (iii) the Company's minority 10% interest is diminimus, it provides no voting control over any matter, and is at risk of being returned to Padstone treasury.

The Company also confirms that the non-brokered private placement, as announced on 6 November 2023, has been extended, which private placement consists of up to 10M units at a price of C\$0.05 per unit for gross proceeds up to C\$500,000 (the "Private Placement").

Each unit of the Private Placement shall consist of one common share in the capital of the Company and one-half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of C\$0.10 per share at any time within two years from the date of issuance. The warrants shall also be subject to an accelerated exercise clause in the event the Company's share price exceeds C\$0.15 for 10 consecutive trading days.

Proceeds from the Private Placement are anticipated to be used on exploration of the Visirivier and Kabies Sections of the Oena Mining License which have had little exploration or mining activity to date as well as for general working capital purposes.

The Company may pay finders fee's in either cash, shares, share purchase warrants or a combination thereof, as permitted by regulators, on a portion or all the Private Placement. Closing of the Private Placement is expected to occur on or before 31 March 2024 or closing of the Acquisition. All securities issued under the Private Placement will be subject to a hold period of four months from the date of issuance.

Upon closing of the Acquisition, the issuance of the Consideration Shares on a pro-rata basis, along with the Private Placement will not result in any person who was previously not an insider, becoming an insider of Southstone.

As consideration for introduction and assistance with completing the Acquisition, Southstone has agreed to issue a finder's fee of 1,500,000 common shares, with a deemed value of CAD\$0.01, to an arm's length third party, Mr. Scott Griffin. The issuance of the Consideration Shares and the finders' fees shares are both subject to the approval of the TSX Venture Exchange and will be subject to a customary prescribed hold period.

Upon closing of the Acquisition, Southstone intends to appoint a new independent director and a new Chief Financial Officer, each of whom shall be arm's length to Padstone and its shareholders. No rights have been granted to Padstone or to its shareholders as it relates to board nominees to the Southstone board of directors.

ON BEHALF OF THE BOARD OF DIRECTORS OF [Southstone Minerals Ltd.](#)

Terry L. Tucker, P.Geo.

Executive Chairman

For additional information, please contact Terry L. Tucker at [info@southstoneminerals.com](mailto: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. Capitalized terms used herein that have not been defined have the same meanings ascribed in the policies of the TSX.V.

#### Forward-Looking Statement

*This news release of Company contains statements that constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Southstone's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements.*

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