

Southstone Announces Strategic Diversification With Botswana Uranium Acquisition, While Advancing Oena Diamond Mine

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VICTORIA, Feb. 18, 2025 - [Southstone Minerals Ltd.](#) ("Southstone") (TSXV - SML) is pleased to announce that it has entered into a binding term sheet (the "Term Sheet") dated 18 February 2025, with Afrium Energy Pte. Ltd. ("Afrium"), pursuant to which Southstone has agreed to acquire all the issued and outstanding securities of Afrium (the "Acquisition"), an arms-length party, (and collectively with the Concurrent Equity Financing as defined below, the "Transactions"). Afrium, a private Singapore corporation, is the holder of 100% of two private subsidiaries, Afrium Energy Botswana (Pty) Ltd. and Copper Falcon Botswana (Pty) Ltd., which collectively hold three uranium Prospecting Licenses (the "Lekobolo Project" or the "Licenses") in the Republic of Botswana.

Southstone is acquiring a 100% interest in Afrium for 20,000,000 common shares (the "Consideration Shares") of Southstone. Afrium shareholders also receive a 2.5% net smelter return royalty ("NSR") on the Licenses, with an option for Southstone to repurchase each 0.5% of the NSR for C\$1.5 million ("M") to a maximum total aggregate amount of C\$7.5 M.

Southstone will also complete an equity private placement in tandem with the Acquisition (the "Concurrent Equity Financing"). A maximum of C\$2.25 M new equity is being raised with the set minimum of C\$1.5 M. The terms of the Concurrent Equity Financing will be announced once the Company's shares have been reinstated for trading. More details on the Concurrent Equity Financing can be found below, and a definitive agreement covering the Acquisition will be executed at or prior to closing of the Concurrent Equity Financing. Most of the proceeds from the Concurrent Equity Financing will be directed towards the continued exploration and development of the Oena Diamond Mine, ensuring the Company advances its existing core asset. Only the minimum required amount will be allocated to the Botswana uranium assets to maintain compliance with licensing obligations and regulatory requirements. This ensures Southstone remains focused on its primary business while maintaining optionality on the uranium assets.

Based on the current outstanding share capital of 33,401,888 common shares of Southstone the Acquisition will result in Afrium Shareholders owning approximately 36.10% of Southstone on an undiluted pre-Concurrent Equity Financing basis. Existing Southstone shareholders may participate in the Concurrent Equity Financing. It is expected that no one shareholder will own more than 20% of Southstone upon conclusion of the Transactions. The Transactions are subject to final acceptance by the TSX Venture Exchange ("TSXV"), as the Transactions are considered a "Reviewable Transaction" under the policies of the TSXV. As per TSXV requirements, trading of Southstone shares will remain halted until receipt of TSXV's approval of the Transactions, which is expected when a National Instrument 43-101 ("NI 43-101") technical report will be issued by Southstone on the Lekobolo Project, among other customary items. Based on current TSXV guidelines, it is not expected that the Transactions will require shareholder approval, unless requested by the TSXV. Closing is expected to be no later than 18 July 2025. Afrium has majority shareholder approval of the Acquisition and is arm's length to Southstone.

Strategic Rationale for Southstone's Acquisition of Afrium Energy

Southstone's acquisition of the Lekobolo Project aligns with its long-term growth and resource diversification objectives. Expanding into Botswana may reduce reliance on its South African operations, diamond prices, mitigate geopolitical risks and broaden its resource base in a growing energy market. With increasing global demand for nuclear energy and secure uranium supply chains, this acquisition positions Southstone to capitalize on future market opportunities. Investing in uranium could position Southstone to benefit from future market opportunities, strengthening its resource portfolio.

If successful, this acquisition has the potential to enhance shareholder value by expanding Southstone's

asset base, unlocking new growth opportunities, and improving financial performance. It aligns with Southstone's goal of pursuing sustainable growth, operational efficiency, and maintaining a competitive edge in the mining sector. The Company aims to enhance shareholder value by strategically expanding its portfolio and unlocking new exploration and development potential. By leveraging its operational expertise and disciplined resource investment approach, Southstone is building a resilient pipeline of assets that support sustainable growth, operational efficiency, and investor confidence.

About the Lekobolo Project

- **Uranium Potential:** The Lekobolo Project, located in the Republic of Botswana, hosts the Lekobolo Uranium Deposit.
- **Favourable Jurisdiction and Location:** Botswana is ranked as a top mining jurisdiction in Africa and among the top 4 globally¹. The Licenses are situated near critical infrastructure (road, rail, and power) and within the same geological setting as the Letlhakane Uranium Deposit ("Letlhakane") owned by Lotus Resources Limited.
- **Historical Exploration:** Previously explored by [Impact Minerals Ltd.](#) ("Impact") between 2009 and 2014, extensive soil sampling, geophysical surveys, and a two-phase drilling program, including 120 reverse circulation holes, one diamond drill hole, and four hollow auger holes, led to the discovery of the Lekobolo Uranium Deposit.
- **Deposit Characteristics:** The Lekobolo Uranium Deposit occurs within Karoo Supergroup sedimentary rocks, like Letlhakane, is shallow, <40 meters ("m") depth, and covers an area of approximately 2,000 m by 700 m.
- **Target for Further Exploration - Potential Mineral Target²:** A potential mineral target of 14 million tonnes ("Mt") to 18 Mt at 135 parts per million (ppm) to 180 ppm U₃O₈ (4 million pounds ("Mlbs") to 7 Mlbs U₃O₈) was estimated based on historical drill data².
- **Exploration Upside:** The Lekobolo Uranium Deposit remains open in all directions, indicating potential for resource expansion through further exploration.
- **Environmental & Permitting Compliance:** Southstone will ensure compliance with Botswana's environmental regulations as required under the current Prospecting License terms. The Company is committed to responsible exploration and adhering to best practices in environmental stewardship.
- **Regional Context³:** The success of the nearby Letlhakane Uranium Project, with its recently updated global resource estimate of 142.2 Mt at 363 ppm U₃O₈ for 113.7 Mlb, demonstrates the significant uranium potential of the region.
- **Licenses:** The three Licenses cover a total area of 2,708 square kilometres (km²) and the core 791 km² Lekobolo Prospecting License, which is subject to a 50% reduction in size due to license's renewal on 1 April 2025, is located approximately 330 km northeast of the capital, Gaborone.
- **Planned Phase 1 Exploration Program:** The Lekobolo Project does not currently have a mineral resource estimate that meets NI 43-101 standards. The historical mineral target was identified by previous drilling and gamma probe results, and further exploration work is required to define a compliant resource. While historical exploration data suggests uranium potential at Lekobolo, additional field verification, new drilling, and data validation will be required to confirm the accuracy of previous findings and ensure compliance with NI 43-101 standards. To ensure the accuracy of historical drill data and further define the uranium potential at Lekobolo, Southstone will conduct a phased exploration program, including drillhole collar verification, geophysical surveys and additional drilling as recommended in the NI 43-101 Report. Southstone intends to conduct the first phase recommended in the report consisting of:
 - Drillhole collar verification and re-probing of historical holes.
 - A high-resolution radiometric ground survey.
 - 10-25 new drill holes for downhole gamma and assay confirmation.

Concurrent Equity Financing

The Concurrent Equity Financing will be conducted by way of an equity private placement for minimum gross proceeds of C\$1.5 M and maximum gross proceeds of C\$2.25 M. The proceeds from Concurrent Equity Financing will be used for general corporate purposes, working capital and continued exploration and permitting of the Visirivier and Kabies Sections at Oena Diamond Mine, the Lekobolo Project Phase 1 exploration program, along with costs related to the Transactions. The securities issued under the Concurrent Equity Financing will be subject to a statutory four-month hold period under applicable securities laws. Completion of the Concurrent Equity Financing does not provide a guarantee that the Transactions will be completed. The Concurrent Equity Financing must be closed by 18 July 2025 and the overall Transactions closed by 18 July 2025, as outside dates, unless extended by mutual agreement of the parties.

The Acquisition

Pursuant to the terms of the Term Sheet, Southstone will acquire a 100% interest in Afrim by:

- Purchasing from the registered shareholders of Afrium (the "Afrium Shareholders") all the outstanding 88,521,225 fully paid ordinary shares of Afrium (the "Afrium Shares").
- As consideration for the Afrium Shares, the Company will issue an aggregate of 20,000,000 Consideration Shares to be allocated to the Afrium Shareholders on a pro rata basis.
- Based on its current outstanding share capital of 33,401,888 common shares, the Acquisition will result in Afrium Shareholders owning approximately 36.10% of Southstone on an undiluted basis, prior to the Concurrent Equity Financing.
- Southstone has granted Afrium shareholders a 2.5% net smelter return royalty ("NSR") on the Licenses, with an option for Southstone to repurchase each 0.5% of the NSR at any time for C\$1.5 M to a maximum total aggregate amount C\$7.5 M.
- The terms of the Acquisition were negotiated at arm's length, and it is expected that one person, Julien Balkany, Chairman of Afrium, will hold more than 10% of the Company's shares pre-Concurrent Equity Financing and it is not expected that a new control position will be created as defined by TSXV Policy 1.1.
- The parties have agreed to undertake commercially reasonable efforts to close the Acquisition on or before 18 July 2025. The Agreement terminates in the event the parties fail to complete the Acquisition on or prior to 18 July 2025, unless extended in writing by the parties.

Finder's Fee

Southstone has agreed to a finder's fee of 2,000,000 common shares to an arm's length third party, Mr. James Ward. The issuance of the Consideration Shares and the finder's fee shares are both subject to the approval of the TSXV and will be subject to a customary prescribed hold period.

Conditions Precedent

The Agreement provides that closing of the Acquisition is subject to several conditions including, among other things:

- a title opinion on the Lekobolo Project.
- corporate legal and tax opinion and audited financial statements for Afrium and its subsidiaries.
- filing an independent National Instrument 43-101 Report on the Lekobolo Project. This report has been completed and is referred to as Afrium Energy PTE Ltd., National Instrument 43-101 Technical Report, Botswana Uranium Project, MSA Project Number J4776, authored by Guy G. Freemantle, Pr.Sci.Nat. (117527); FGSSA (965392); MSEG (892905) and peer reviewed by George van der Walt, Pr.Sci.Nat. (400306/07), Head Exploration Geology, The MSA Group (Pty) Ltd. Henley House, Greenacres Office Park, Cnr Victory & Rustenburg Roads, Victory Park, 2195, South Africa with an effective date of 16 October 2024.
- Southstone holding a shareholder meeting if it is determined that shareholder approval of the Acquisition is required.
- any other conditions that may be required by the TSXV.
- the issuance of the Consideration Shares is subject to final approval by the TSXV.
- closing of a Concurrent Equity Financing for gross proceeds of at least C\$1.5 M.
- closing of the Acquisition and the Concurrent Equity Financing is also subject to final approval by the TSXV. There can be no assurance that the Acquisition or Concurrent Equity Financing will be completed as proposed or at all.
- the definitive agreements (the "Definitive Agreements") for the Acquisition which will be signed upon closing of the Concurrent Equity Financing, will include representations, warranties, covenants, indemnities, termination rights and other provisions customary for a transaction of this nature.

New Director

Upon closing of the Transactions the board of Directors of Southstone will consist of three existing directors, Mr. Terry L. Tucker, P.Geo, Ms. Donna M. Moroney and Mr. Neil Budd and Southstone intends to appoint at least one new independent director. Mr. Marc Sengès, currently CEO of Afrium, will be appointed as Chief Executive Officer.

Shareholder Meeting

The Company advises that it is deficient pursuant to TSXV Policy 3.2, Section 4.1 since the Company's last shareholder meeting was held on 8 June 2022. Accordingly, the Company will be setting a meeting date and record date to hold a shareholder meeting on or before 30 April 2025.

Final Statement

Southstone believes this transaction aligns with its long-term growth strategy, maintaining a strong focus on its diamond operations at Oena while adding strategic uranium assets with minimal capital exposure. The Company remains committed to delivering value to shareholders through sustainable resource development and disciplined financial management.

Qualified Person

The scientific and technical information in this news release was reviewed, verified and approved by Guy G. Freemantle, Pr.Sci.Nat. (117527); FGSSA (965392); MSEG (892905), Consultant, of The MSA Group (Pty) Ltd, a qualified person as defined by National Instrument 43-101 of the Canadian Securities Administrators.

References

1. <https://www.fraserinstitute.org/sites/default/files/2023-annual-survey-of-mining-companies.pdf>
Policy Perceptions Index
2. *The Target for Further Exploration or Potential Mineral Target is conceptual in nature as there has been insufficient exploration to define a mineral resource. A target for further exploration does not constitute a mineral resource or reserve and the quantity and grade are conceptual in nature. There has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The target was identified by downhole gamma probe U₃O₈ assays from 120 RC drillholes along with 213 corresponding XRF assays, constituting approximately 5 % of the total assay population. Impact Minerals Limited (ASX:IPT), ASX Announcement Number 161/291010, 29 October 2010, September 2010 Quarterly Report: <https://announcements.asx.com.au/asxpdf/20101007/pdf/31szs3165935s0.pdf>*
3. *Lotus Resources Limited news release dated 6 December 2024*
<https://wcsecure.weblink.com.au/pdf/LOT/02891511.pdf>

ON BEHALF OF THE BOARD OF DIRECTORS OF [SOUTHSTONE MINERALS LIMITED](#)

Terry L. Tucker, P.Geo.
Executive Chairman

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) 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 TSXV.

Forward-Looking Statements

This news release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian and U.S. securities laws. Forward-looking information includes, but is not limited to, statements regarding:

- *The anticipated benefits of the Acquisition and the Concurrent Equity Financing;*
- *The expected ownership structure following the completion of the Transactions;*
- *The participation of Southstone shareholders in the Concurrent Equity Financing;*
- *The Company's strategic growth, operational efficiency, and development plans for Oena Diamond Mine and the Lekobolo Project;*
- *The potential creation of a diversified resource portfolio, including uranium exploration opportunities;*
- *The projected use of proceeds from the Concurrent Equity Financing;*
- *The expected timing for closing of the Transactions;*
- *The issuance and terms of the Consideration Shares and associated TSX Venture Exchange approvals;*
- *The anticipated composition of the Board of Directors following the Transactions; and*
- *The potential impact of the Transactions on shareholder value and company performance.*

Forward-looking statements are often identified by words such as "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential," "may," "will," "should," "could," "would," and similar expressions. These statements reflect management's current expectations and are based on information available as of the date of this release.

Caution Regarding Forward-Looking Information:

All forward-looking statements involve risks, uncertainties, and other factors that could cause actual results

to differ materially from those expressed or implied by such statements. These risks and uncertainties include, but are not limited to:

- *The ability to obtain necessary regulatory, shareholder, and third-party approvals;*
- *The risk that the Acquisition or Concurrent Equity Financing may not be completed as proposed or at all;*
- *Market conditions affecting the availability and terms of financing;*
- *Fluctuations in commodity prices and exchange rates;*
- *Political, regulatory, and operational risks associated with mining activities in Botswana and other jurisdictions;*
- *Exploration risks, including the ability to confirm historical data and define NI 43-101 compliant resources;*
- *The potential for unforeseen delays or changes in project plans;*
- *The Company's reliance on key management and operational personnel.*

No Assurance of Completion:

There can be no assurance that the Transactions will be completed on the terms described herein or at all. The Transactions may be modified, restructured, or terminated, and the strategic benefits anticipated from the Transactions may not be realized as expected. Additionally, if the Transactions are not completed, Southstone may face risks related to the diversion of management attention and the allocation of resources, which could adversely affect its current operations.

Forward-Looking Information Disclaimer:

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. Southstone disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by law.

A comprehensive discussion of risks and uncertainties that may affect Southstone can be found in its public filings available at <http://www.sedarplus.ca>.

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