TSODILO RESOURCES LIMITED
Management's Discussion and Analysis

FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2019

The Management's Discussion and Analysis has been authorized for release by the Company's Board of Directors on May 28, 2019

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of the Company and the notes thereto for the periods ended March 31, 2019 and 2018. The Company's condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Company's functional and reporting currency is United States dollars and all amounts stated are in United States dollar unless otherwise noted. In addition, the Company has three Botswana operating subsidiaries, Newdico, Gcwihaba and Bosoto which have a functional currency of the Botswana Pula and one South African subsidiary which has a functional current of the South African Rand. This management's discussion and analysis has been prepared as at May 28, 2019.

OVERVIEW

Tsodilo Resources Limited ("Tsodilo" or the "Company") was organized under the laws of the Province of Ontario in 1996 and continued under the laws of the Yukon in 2002. It is incorporated under laws of the Yukon Territory, Canada, under the Business Corporations Act of Yukon and the address of the Company's registered office is 161 Bay Street, P.O. Box 508 Toronto, Ontario, Canada, M5J 2S1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Toronto Venture Stock Exchange (TSX-V) under the symbol TSD.

Tsodilo is an exploration stage company which is engaged principally in the acquisition, exploration and development of mineral properties in the Republics of Botswana and South Africa. The Company is considered to be in the exploration and development stage given that none of its properties are in production and, to date, has not earned any significant revenues. The recoverability of amounts shown for exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the renewal of exploration licenses, obtaining the necessary permits to operate a mine, obtaining the financing to complete exploration and development, and future profitable production.

The Company is also actively reviewing additional diamond and base and precious metal opportunities within southern Africa.

Outstanding Share Data

As of May 28, 2019, 45,347,310 common shares of the Company were outstanding. Of the options to purchase common shares issued to eligible persons under the stock option plan of the Company, 2,450,000 options are outstanding of which 2,125,000 are exercisable at exercise prices ranging from CAD $0.28 - $1.05.

Outstanding Options

Expiry Date	No. of Option Shares Outstanding	Exercisable	Exercise Price (CAD)
January 2, 2020	200,000	200,000	$1.05
March 27, 2020	200,000	200,000	$0.83
September 1, 2020	100,000	100,000	$0.70
January 4, 2021	200,000	200,000	$0.72
April 8, 2021	250,000	250,000	$0.79
January 2, 2022	200,000	200,000	$0.69
April 3, 2022	400,000	400,000	$0.85
January 2, 2023	200,000	150,000	$0.65
March 26, 2023	500,000	375,000	$0.55
January 2, 2024	200,000	50,000	$0.28
Total	**2,450,000**	**2,125,000**	

As of May 28, 2019, there are no warrants outstanding.

Principal Shareholders of the Company

The principal shareholders (greater than 5%) of the Company as of May 28, 2019, are as follows:

Name	Description	Shares Owns, Controls or Directs	% of the Issued and Outstanding Shares
Azur LLC	Private Investment Vehicle	4,996,065	11.02%
International Finance Corporation	Member of the World Bank Group	4,520,883	9.97%
Lucara Diamond Corporation	Diamond Mining Company	4,476,773	9.87%
David J. Cushing	Investor	4,327,579	9.54%
JP Morgan Asset Management	Global Investment Advisors	3,581,413	7.90%
James M. Bruchs	Chairman and CEO	2,285,619	5.04%
First Quantum Minerals	Global Mining Company	2,272,727	5.01%

Exploration Activities 2019

Subsidiaries

- ◊ The Company holds a 100% interest in its Botswana subsidiary, Gcwihaba (Pty) Ltd ("Gcwihaba") which to date holds seven (7) metal (base, precious, platinum group, and rare earth) prospecting licenses in the North-West District.
- ◊ The Company holds a 100% interest in its Botswana subsidiary, Bosoto (Pty) Limited ("Bosoto"), which holds two (2) precious stone prospecting licenses, PL 369/2014 for the area which contains the BK16 kimberlite and precious stone prospecting license PL217/2016.
- ◊ The Company holds a 100% interest in Newdico (Pty) Ltd ("Newdico") which currently does not hold any prospecting licenses but is actively reviewing land packages to make application for prospecting licenses and reviewing joint venture opportunities. Newdico also provides administrative, operational, exploration, geophysical and drilling services to the Company's other subsidiaries.
- ◊ The Company holds a 70% interest in its South African subsidiary, Idada Trading 361 (Pty) Limited ("Idada"), which holds a gold and silver exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area.
- ◊ The Company holds a 100% interest in Tsodilo Resources Bermuda Limited to which the shares of its operating subsidiaries are registered.

1. DIAMOND PROJECTS

The Company holds two prospecting licences for precious stones, registered to Bosoto. These licenses are summarized in Table 1.

Table 1

Precious Stone Prospecting Licenses as at March 31, 2019

PL Number	Km²	Grant Date	Expiry or Renewal Date	Current Stage	Expenditure# Per Annum (BWP)		Total Expenditure from Grant Date and if held to Full License Term	
					Rental Fee	Work Program	BWP	USD as at 3/31/2019
PL 369/2014	1.02	10/01/17	9/30/19	1st Renewal	1,000	10,000,000 30,000,000	40,002,000	3,787,430
PL 217/2016	580	01/01/17	12/31/19	Initial Grant	2,900	800,000 1,250,000 4,000,000	6,058,700	573,644

Amounts include services accounted for at market value provided by Tsodilo and its subsidiaries and all expenditure amounts are incremental in nature and qualified by positive results in the evaluation process throughout the license term.

PL369/2014 (BK 16)

Tsodilo was granted a prospecting license (PL369/2014) over the BK16 kimberlite pipe through its Botswana subsidiary, Bosoto Pty (Ltd) effective October 1, 2014. The prospecting license was renewed for an additional two-year period commencing October 1, 2017. The diamondiferous BK16 kimberlite pipe is located within the Orapa Kimberlite Field (" OKF") in Botswana and covered by ~25 meters (m) of Kalahari Group sediments. BK16 is located 37 kilometers (km) east-southeast of the Orapa Diamond Mine AK01, 25 km southeast of the Damtshaa Diamond Mine, and 13 km north-northeast of the Letlhakane Diamond Mine, all operated by Debswana and 28 km east-northeast from Lucara Diamond Corporation's Karowe Mine (AK6).

The OKF contains at least 83 kimberlite bodies, varying in size from insignificant dykes to the 110 hectares (ha) AK01 kimberlite pipe. Ages of emplacement are Cretaceous and range from 111 Ma for Lethlakane-DK01 (Letlhakane Mine) to 85 Ma for Orapa-AK01, representing a protracted period of kimberlite magmatism lasting approximately 20 million years. Of the 83 known kimberlite bodies, nine (11), AK01, AK02, AK07 (Orapa, Debswana); AK06 (Karowe, Lucara Diamond Corporation); BK01, BK09, BK12 and BK15 (Damtshaa, Debswana); DK01 and DK02 (Letlhakane, Debswana); BK11 (Firestone Diamonds), are currently being or have been mined. Many others have proved to be diamond bearing.

The BK16 kimberlite was initially discovered by De Beers in the 1970's using soil sampling techniques, airborne magnetics, and ground magnetic surveys. This initial work was followed up by some initial drilling and the sinking of a shallow shaft to 36 meters in the central part of the pipe. Initial indications were that the kimberlite was diamondiferous albeit low grade and no further work was done by De Beers.

Over the period 1994 to 2010, several companies held the prospecting rights over the area containing the BK16 kimberlite and various forms of surveying and sampling were employed all in an attempt to ascertain whether BK16 was economically viable. However, none of those efforts systematically evaluated the kimberlite to answer the question as to BK16's merits. Tsodilo believes that much of the above described sampling was done in the central upper part of the kimberlite which is characterized by a high dilution zone of volcanoclastic kimberlite (VK17x), which is considered similar to a basalt breccia found on other OKF kimberlites. Like several of the other Orapa kimberlites, this central upper zone of diluted kimberlite is of lower grade but the rest of the undiluted kimberlite is higher grade.

In July 2016, Tsodilo Resources Bermuda Limited completed a share repurchase and royalty fee agreement with its Bosoto (Pty) Ltd minority shareholders. The minority shareholders' 25% equity interest was purchased for a 2% gross proceeds royalty derived from the sale of diamonds mined from Bosoto's BK16 kimberlite project. The result of this transaction resulted in Tsodilo having a 100% interest in Bosoto and its BK16 exploration project.

Summary of Work Performed as at March 31, 2019

2014

During the year, an application was submitted and the Company was subsequently awarded the prospecting license for BK16 (PL369/2014). A desktop study was done on historical data and a detailed ground magnetic geophysical survey was conducted.

2015

A geological model was developed based on a 3,662-meter (m) core drilling program; 3-D modelling of the geophysics; and, petrography. This study deduced an Exploration Target of 13 to 14.5 million tonnes being defined to a depth of 250m. The Company also managed to take possession of previously recovered diamonds, which were acid cleaned and color classified. Z-Star Mineral Resource Consultants were retained to assist in the planning and positioning of the Large Diameter Drill holes. A 10 ton per hour mobile Dense Media Separation plant (DMS) was purchased for treatment of the LDD and historical tailing samples.

2016

Dilution logging, density measurements and rock-quality designation (RQD) work was performed on the drill cores to produce a geotechnical weathering profile of the kimberlite which distinguished between the various weathering phases in the pipe. Historical tailings heaps on the pipe (some 1,534 tonnes) were collected and moved to the plant for treatment. A borehole on the pipe and used by the local farmer was relocated.

2017

In February the Company commenced drilling pilot holes (PDH) to twin each planned Large Diameter (24 inch) drill hole (LDD). In total, 3,669 meters was drilled and 3,353 meters of core was recovered. The core was being subjected to dilution studies, geotechnical logging, magnetic susceptibility measurements and moisture tests (580 samples completed to date). Further density work will be done at the exploration facilities in Maun. Drilling of 14 LDD holes was completed to a cumulative depth of 3,120 meters producing 2,077 dry metric tonnes of kimberlite sample. This tonnage was accessed using the caliper data and kimberlite domain density data. All holes were calipered using an Auslog 3 Arm Caliper for down-the-hole volume measurements, although two of the holes were not completed due to untimely collapse and a nominal hole diameter was applied.

The 10tph DMS treatment plant, located some 15 km from the pipe in Letlhakane, was refurbished and commissioned and the treatment of the 243 LDD drill samples from the 14 LDD boles and historic tailings commenced. The

2018

DMS processing of the LDD samples was completed in the 2nd quarter of 2017 and the plant placed in care and maintenance until further requirement. The Bourevestnik Polus-M X-ray sorter (BV) was commissioned in the Company's Hangar in Maun. By year-end, 502 commercial size (+1mm) diamonds weighing 77.94 carats were recovered utilizing the Bourevestnik, Inc Polus-M X-ray sorting recovery unit facilities. A further 14 diamonds weighing 0.985 carats were recovered as a result of re-treating the primary LDD samples.

The diamonds were valued by QTS **KRISTAL** DINAMIKA after deep acid cleaning at an average diamond value of $176.44 per carat. The value for the three parcels and the average price is set forth in Table 2. Table 3 shows the five highest individual diamonds constituting more than 4% of the value of the overall parcel.

Table 2

Valuation details

Parcel	# of Diamonds	Total Carats	US$ / Carat
1	94	17.045	$195.45
2	130	17.700	$196.37
3	278	43.195	$161.03
All	502	77.940	$176.44

Table 3

The five highest individual diamonds constituting more than 4% of the value of the overall parcel

Parcel	Hole ID	Size	Stones	Carats	$ Per Carat	Total $
2	LDD_020V	6 Grainer	1	1.535	$ 755.00	$ 1,158.93
3	LDD_032V	6 Grainer	1	1.410	$ 748.00	$ 1,054.68
1	LDD_033V	5 Grainer	1	1.375	$ 705.00	$ 969.38
3	LDD_024V	8 Grainer	1	1.935	$ 350.00	$ 677.25
2	LDD_021V	4 Grainer	1	0.965	$ 585.00	$ 564.53
		Totals	5	7.220	$ 612.85	$ 4,424.76

The valuation of these LDD diamonds is considerably higher than to those of the historical diamonds recovered in 1999 and 2000 from BK16, which were valued in 2016 at $138 per carat. BK16 contains high quality diamonds dominated by highly marketable shapes (makeable and sawable) and no boart has been recovered to date. More than half of the LDD diamonds were tested using a Yehunda Z-50 colorimeter and 3.8% of these were positively identified as Type IIa stones. The vast majority are D color with one DE, one E and one F+ colors. Type II diamonds are rare diamonds which have no measurable nitrogen levels. Type IIa diamonds are generally devoid of impurities and tend to have a colorless and low to no ultraviolet light fluorescence.

Diamonds were individually assessed for damage by independent third-party "qualified persons" as such term is defined in National Instrument 43-101. Interlace Consulting was retained to model the diamond breakage and reconstitution of the diamonds and concluded that 60% of the stones did not display any signs of fresh damage; 20% showed minor chipping and the balance had mixed degrees of severity. These results are regarded as a low degree of damage and indicate that the LDD and sample treatment used latest best practice methods to avoid undue breakage;

The BK16 Exploration Target tonnage range of 18.2 to 20.1 million tonnes was calculated from updated deposit modelling. This represents an increase on the tonnages quoted in 2015. The increase in volume of all the kimberlite units is due to new drill-hole information. The tonnages produced for the BK16 kimberlite units are based on the volumes from updated modelling and an updated set of density core measurements of these two units down to a level of 450 meters below surface.

BK16 perovskite grains were dated using 238U/206/Pb and established the age of the BK16 kimberlite to be 101.96 ± 0.60 Ma.

2019

1st Q 2019 – Summary of work performed

- ◊ In January 2019 the results of the diamond evaluation and size frequency study conducted by Interlaced Consulting In summary, using a combination of simulation and extrapolation, the Size Frequency Distribution (SDF) grade (cpht) and value (UD$ per carat "$/ct") have been re-modelled to give the following likely in-situ or "run of mine" grade and value (#1 DTC bottom-cut off size) for the BK16 Large Diameter Drilling ("LDD") aggregate 77.940 carat parcel of 502 commercial size (+1mm) diamonds:

  - The diamond value ranges from $/ct 281 to $/ct 792.
  - The grade ranges from 4 cpht to 8 cpht (carats per hundred tonne).

- ◊ The SFD study demonstrates the potential presence of large stones, indicating that ~2% to 5 % of the total carats may be greater than 10.8 carats (specials). This compares favourably to Lucara's Karowe Mine where ~5 % of the total carats produced are greater than 10.8 carats.
- ◊ Due to the small size of the LDD sample, stones above 2 carats have not yet been recovered but can be expected based on the SFD analysis. The SFD analysis modelling show there was a definite under sampling of coarse stones thus far at BK16 which adds significant uncertainty to the grade and value modelled, This uncertainty is explained by the fact that the current 2,077 dry metric tonne LDD sample represents a distinct under sampling of the true SFD of the BK16 kimberlite (~0.01% of the total kimberlite body).
- ◊ The SFD model suggests that BK16 has the potential to host a coarse size distribution.
- ◊ The company believes that the combination of grade, diamond value, and kimberlite value modelled by Interlaced Consulting suggests that BK16 has significant potential to become a minable asset.
- ◊ To improve the confidence on both the grade and value a further phase of bulk sampling of BK16 would be required. To this end work has commenced on developing an engineering study to extract up to 20,000 tonnes of kimberlite to process for diamond recovery. It is anticipated that 500 – 1,000 cts will be extracted to enhance diamond valuation and size frequency distribution studies for utilization in a more detailed assessment of the projects viability and to move the project towards a bankable feasibility study.
- ◊ The audit check of crushing and grease concluded resulting in only a further 4 diamonds being found, 1 from the crushed material (0.028 carats), and 3 from the grease bucket audit of 1 in 10 samples (0.079 carats). These 4 diamonds weighed only 0.107 carats showing that the diamonds recovered from these crushed and grease audit process was very limited (0.1% of the total recovered came from this audit process).

PL217/2016

PL 217/2016 was acquired in the second quarter 2017. The license has an effective date of January 1, 2017 for an initial period of 3 years followed by two 2-year renewals. The license lies within the OKF and is situated some 10 km south of the Orapa Mining area and with the same distance to the west of the Letlhakane Mining lease. It surrounds the Karowe Mining lease, while the BK11 prospect is directly to the east of the licence. Other kimberlites occur along its northern and eastern borders. The licence is highly prospective for kimberlites but also has the potential to contain secondary diamond deposits associated with the paleodrainage network in the area. The present drainage is to the north and erosion of the kimberlites would have resulted in the residue, including diamonds, to have been transported in the same direction. The focus of the exploration work would therefore be not only on finding kimberlites but also to assess the geomorphology in the search for paleochannels.

Summary of Work Performed as at March 31, 2019

2017

Remote sensing and geophysics (Aster LT1; Aster GED Emissivity; Landsat ETM 7+; Landsat LC08, Landsat 8 False Color, DEM, Total Magnetic Intensity (AM) were used to enhance the drainage pattern and potential kimberlite targets. The AM data generated 28 kimberlite targets. Airborne magnetic anomalies PL217/02 - 06, were checked in the field and ground magnetic surveys over four kimberlite targets were completed. Ground gravity surveys were conducted along lines perpendicular to the paleochannel direction and several gravity lows (possible paleochannels) were identified.

Paleochannels appear to be related to high concentration of clay minerals, low ferrous minerals and low iron oxide ratios. Gravity survey lines were placed directly downstream from the AK6 and BK11 kimberlites.

2018

Remote sensing (SRTM, Ferric 2/1 and Alteration 4/5 images) were utilized to characterize possible paleochannels. In particular a combination of Ferric Iron +2 Aster, SRTM and digitised geology enhance the location of these paleochannels. This study also showed that kimberlites AK17, AK 23 and AK 24 are aligned on a WNW-ESE lineament traceable onto the permit.

A gravity survey was completed in the licensed area, and four or five potential paleochannels with tributaries were identified. Two methods were used to interpret the depth of infill bedrock valleys: the Extended Euler Deconvolution (EED) by Mushayandebvu (Mushayandebvu, 2001) and the GM-SYS Gravity and Magnetic Modelling Software developed by Northwest Geophysical Associates Inc. The Extended Euler algorithm using Geosoft was provided by GETECH and is based Mushayandebvu (2001). This approach uses both the conventional Euler equation (Reid, 1990) and the rotational constraint equation from extended Euler, to give distance, depth, dip, and density contrast. The former also gives a second estimate for distance and depth. Modelling of gravity lows suggests that there is overlap between the geophysics and the interpretation of remote sensing.

Eleven ground magnetic surveys were performed over 11 magnetic kimberlite targets (total 246 survey line km) that had been identified from the detailed airborne magnetic data covering the licence. Work on the geomorphology of the area was carried out in order to advance the alluvial targets.

The OKF's age is from over 101 Ma to at least 88 Ma indicating that the erosion levels of the various kimberlites will be different. These differences have geomorphological implications which are being considered for the alluvial potential not only in PL 217/2016 but also for other local areas.

2019

1st Q 2019 – Summary of work performed

◊ A refinement of the targets occurred, where there are five (5) potential kimberlites and four (4) potential alluvial channel gravels which may be diamondiferous.

◊ New detailed magnetic and gravity data identified further potential targets. As such a warranted a change to the initial exploration program has been submitted for review. To this end, we are panning further soil sampling and high definition geophysical surveys in the third quarter to further delineate these targets.

◊ It is envisaged that there will also be a drill program executed which has been designed to drill test the paleochannel targets, especially those proximate to AK6, for further evidence of their presence.

2. METALS (BASE & PRECIOUS, PLATINUM GROUP METALS, AND RARE EARTH ELEMENTS) PROJECTS

The Company's current seven Prospecting Licences have evolved with time into a package which covers some 4,920.50 km^2 (Table 5).

Table 5

Gcwihaba Metal Licenses as at March 31, 2019

PL Number	Km^2	Grant Date	Expiry or Renewal Date	Current Stage	Expenditure* Per Annum (BWP)		Total Expenditure from Grant Date and if held to Full License Term	
					Rental Fee	Work Program	BWP	USD as at 3/31/19
PL 020/2018	570.00	10/01/18	9/30/21	Initial Grant	2,850	240,000+	248,550	23,533
PL 021/2018	964.90	10/01/18	9/30/21	Initial Grant	4,825	240,000+	254,475	24,094
PL 022/2018	317.10	10/01/18	9/30/21	Initial Grant	1,586	240,000+	244,758	23,174
PL 023/2018	978.60	10/01/18	9/30/21	Initial Grant	4,893	240,000+	254,679	24,113
PL 024/2018	807.30	10/01/18	9/30/21	Initial Grant	4,037	240,000+	252,111	23,870
PL 025/2018	454.50	10/01/18	9/30/21	Initial Grant	2,273	240,000+	246,819	23,369
PL 026/2018	828.10	10/01/18	9/30/21	Initial Grant	4,141	240,000+	252,423	23,900
	4,920.50				24,605		1,753,815	166,053

+ 1st year 70,000 BWP; 2nd year 80,000 BWP; and 3rd year 90,000 BWP

The Company's exploration work had initially indicated that the sulphide-rich Matchless Amphibolite Belt ('MAB') traverse the Company's southern licences in northwest Botswana in an area where the Damara Belt connects with the Lufilian Arc. Petrology, geochemistry and geochronology work was conducted by AEON's (Africa Earth Observatory Network) research group located at the NMMU (Nelson Mandela Metropolitan University) in Port Elizabeth, South Africa. This work identified Archaean granite-gneisses between 2.548 and 2.641 Ma in age in Ngamiland, whilst paleoproterozoic granites (ca. 2,000 Ma) seem to have been tectonically interlayered with Copper Belt (Lufilian Arc) equivalent meta-sediments (including graphitic schist, carbonates, diamictites, and iron formation), and metabasites and gabbros (535 Ma), all of which were intersected during the initial drilling program by the Company.

During the initial drilling campaign by the Company, three separate mineralization domains were identified in the various licences. These are, (1) sulphide mineralization associated with Neoproterozoic meta-sediments, (2) base and precious metals and REE showings associated with skarns linked to the 535 Ma age basic intrusions, and (3) a large magnetite deposit (Xaudum Iron deposit) which the Company is presently evaluating (Table 6).

Table 6

Main mineralogical domains identified during the Phase 1 drill program

Sedimentary Cu/Co (Katanga type sediments) in the central shale belt	Central African Copper Belt-style sedimentary rock-hosted copper showings at multiple stratigraphic levels, spatially associated with faults	Copper Cobalt
Sepopa Cu/Au Skarn deposit (possible Iron Oxide/Copper/Gold deposit (IOCG))	Iron-copper skarns associated with ~535 Ma basic intrusions	Copper Gold Iron
Xaudum Magnetite Banded Iron Formation (XIF)	Layered and massive BIF Rapitan type Fe Formation closely associated with the Grand Conglomerate	Iron

2.2 XAUDUM MAGNETITE BANDED IRON FORMATION (XIF)

This Xaudum XIF is intimately associated with glacial diamictites and is the cause of the large Xaudum Magnetic Anomaly that extends over 35 km in a north-south direction with several magnetite bands that occur over a width of several kilometres. The deposit, which has an exploration target of between 5 and 7 billion tonnes of iron ore at grades ranging between 15 - 40%, was subdivided into several exploration blocks. Drilling on Block 1, at the northern part of the Xaudum XIF deposit, was completed and in 2014. SRK Consulting (U.K.) presented Gcwihaba's maiden Mineral Resource Estimate that was reported in a National Instrument 43-101 technical report of this Block 1, with an Inferred Mineral Resource of 441 Mt grading 29.4% Fe, 41.0% SiO_2, 6.1% Al_2O_3 and 0.3% P.

Tsodilo initiated drilling on the next exploration area, referred to as Block 2, but delayed the completion thereof due to current iron-ore market conditions. The resource definition of Block 2 will increase the resource to well over 1Bt once completed.

The Company continues its investigating how to progress this deposit with aspects of local beneficiation. New technology is available to transform the magnetite iron concentrate on site to produce Iron Pellets (heat and fuse), briquettes or supa-scrap (IMBS non-conventional DRI process) or even pig iron (ESS Prodilux furnace). For this the thermal coal in eastern Botswana is considered most appropriate but issues surrounding the infra-structure need to be resolved.

Discussions on the direct sale of the magnetite have also been undertaken with a South African commodity house which markets super high spec magnetite of over 69.5% Fe. This is used for manufacturing of dense media separation products such as magnetite and ferrosilicon, as well as other magnetite-based uses in the petrochemical market. The very high standard specifications of the magnetite attract a very high premium on normal iron ore sales. The feasibility of creating a small-scale magnetite mine to process the ore for this high-end market is being explored.

Summary of Work Performed as at March 31, 2019

2014

- ◊ Drilling on Block 1 of the Xaudum Iron Formation (XIF) was completed. Some 33 holes, totaling 5,854 m were drilled and 4,478 m of core were recovered. A start was made on Block 2 where nine holes drilled to a cumulative depth of 1,490 m extracting some 1,223 m of core. 2,867 samples were consigned for analyses and 4,574 assay results were received
- ◊ All the angled holes cores were orientated with a Reflex Gyro instrument and all cores are subjected to magnetic susceptibility (every 20 cm) measurements.
- ◊ The deposit was subdivided into four geodomains: MBA – Magnetite Banded Iron Formation, MBW – Partially oxidized (weathered) BIF, DIM – Magnetite schist or magnetite diamictite and MDS – Magnetic amphibole Schist.
- ◊ SRK Consulting (UK) Ltd completed a National Instrument 43-101 resource report for Block 1, which is only a small part of the XIF deposit, and derived at an inferred resource of 441 Mt grading 29.4% Fe, 41.0% SiO_2, 6.1% Al_2O_3 and 0.3% P.
- ◊ The ground magnetic survey over the entire XIF has been completed and 1,780 km^2 was covered representing 22,749-line km at both 20 and 50 m line spacing.

2015

- ◊ The Company started an investigation of how to progress with the project looking at potential mining and beneficiation aspects especially on a local scale. New technology is available to transform the magnetite iron concentrate on site to produce iron pellets (heat and fuse) briquettes or supa-scrap (IMBS non-conventional DRI process) or even pig iron (ESS Prodilux furnace). For these processes the thermal coal is eastern and southwest Botswana are considered most appropriate but issues around the infra-structure need to be resolved.

2016

- ◊ The feasibility of possible local beneficiation continued but with iron prices still low the outlook remains long term.

2017

- ◊ Quotations for cost and also availability were obtained from seven (7) engineering consultancy companies to conduct a Preliminary Economic Assessment (PEA) study for the development of the XIF Project under a non-disclosure agreement. The PEA is designed to investigate the various options and the focus will be on size of operation, level of local beneficiation, a Botswana based steel industry versus export of raw ore, infrastructure, transport, etc.

2018

- ◊ The metal licenses which contain the Xaudum Iron project and the prospective copper targets, were renewed in their entirety effective October 1, 2018 for an initial term of three (3) years with two 2-year renewals.
- ◊ Fluor Inc. presented an updated proposal for the Xaudum Iron project (XIF) to Tsodilo which was modified and updated to a short prospectus style document and submitted to the USTDA for pre-approval. USTDA's response was that policy would not permit funding due to potential competition impact with the US steel industry.

2019

1st Q 2019 – Summary of work performed

- ◊ The project was presented at the Canada-Africa Business Conference in Gaborone on the March 26, 2019.
- ◊ A proposal was submitted in March to the Export Development Canada (EDC) Agency for potential funding of the PEA.
- ◊ This PEA will give an assessment of the project's viability covering a number of options at various scales and permutations.
- ◊ If a successful and viable options identified funding will be applied for to similar organizations to move forward into pre-feasibility studies. The form of the pre-feasibility studies including further prospect drilling will be highly dependent on the option identified in the PEA as the best way to move the project forward.
- ◊ The company is also working with Hatch Ltd. a Canadian and South African based engineering firm to submit proposals for funding to numerous entities such as the EDC and Industrial Development Corporation of South African.

2.3 KATANGAN-LIKE META-SEDIMENTS

General geology

Southeast and east of the XIF Iron project are north-north-west to north-north-east trending mineralized metasediments in what is referred to as the Central Shale Basin. The latter meta-sedimentary sequence is very similar to the parts of the stratiform Cu-Co (Copper-Cobalt) province of the Central African Copper Belt and is identical to the host rocks of the Kalumbila Cu-Ni-Co deposit in western Zambia. The black shales, meta-pelites, meta-arenites, dolomites, with evidence of evaporate minerals, in particular bear strong resemblance to the Mwashya rocks in Zambia. Most lithologies are mineralized with pyrite, pyrrhotite, and chalcopyrite.

The majority of Katangan metasediments intersected in drilling are interpreted to belong to the Mwashya Group (shale, carbonate), or the Grand Conglomerate (diamictite) units, occurring on each side of the 'basement high'. Most of the FQM and Tsodilo Resources drilling have taken place within these two stratigraphic Groups. Much of the drilling has shown diamictite alternating with carbonate-shale packages and this is attributed to repetition by bedding-parallel thrust faults. The distribution of magnetite-facies BIF is restricted to the diamictite on the western side of the basement-high, and this probably reflects differences in seawater chemistry across the 'basement high' during the Sturtian Glaciation.

The understanding of the upper Katangan stratigraphy in the Shakawe area is poor. The diamictite of the Grand Conglomerate typically transitions abruptly into a clean dolomite referred to as the Kakontwe. This change reflects an abrupt global warming event at the end of the Sturtian glaciation and it is a feature observed in some drill cores from the Shakawe area. However, at the western end of FQM's Stratigraphic Section Line the diamictite is conformably overlain by calcareous sandstone.

The rocks at the extreme western end of the east- west sections contain zircon populations of ≈1.1 Ga and ≈2.0 Ga, but contain no 2.5 Ga zircons. The rocks are interpreted to be of the Ghanzi-Chobe Supergroup. The Kgwebe Volcanics are the most likely source of these ≈1.1 Ga zircons, implying significant differences in the provenance of the Katangan Supergroup and the Ghanzi-Chobe Supergroup meta-sediments.

Summary of Work Performed as at March 31, 2019

2013

- ◊ First Quantum Minerals Ltd (FQM) signed a Memorandum of Understanding with Tsodilo Resources Ltd (Tsodilo) in April and an 'Earn-in Option Agreement' in November, for FQM to earn up to 70% interest in Gcwihaba's metals prospecting licenses excluding any rights to iron. FQM's program included:
    - o Re-logging of 157 Tsodilo drill holes, which represents some 34,750 m of core.
    - o Collection of 584 soil samples for geochemistry sieved to 180 microns and analyzed mainly for Cu, Co, Pb, Zn and Au and it was concluded that soil sampling was not an effective tool in this environment.
    - o FQM started diamond drilling to assess the stratigraphy and drilled 5 holes (3,987 m).
    - o As part of the Kalahari Geochemistry Program (KGP), FQM drilled (RC, Sonic and diamond drilling) 54 holes (2,552 m) to sample the Kalahari/Bedrock interface and samples were collected every 2 m and screened to 80 mesh for ICP-MS (As, Au, Bi, Co, Pb) and ICP-OES (Al, Ca, Cu, Mg, Ni, Zn) analyses.
    - o Water samples (500 ml) were also collected and analyzed from the KGP holes for hydro-geochemistry.
    - o Rock samples were collected for U/Pb geochronology (26 samples) and petrology (30 samples).
    - o An airborne electro-magnetic survey (Spectrem) was flown (16,934-line km) collecting, EM, magnetic and radiometric data.
    - o An airborne gravity survey was flown but due to technical problems reduced to 10,392-line kms at a 500 m flight line interval.
- ◊ Three airborne magnetic targets associated with Ni and Zn/Cr soil anomalies from the 1999 Government soil sampling program in the northwestern corner of Botswana.

2014

- ◊ The KGP drilling program was completed with a total 13,689 meters drilled.
- ◊ Samples from the KGP program were also sent for Ultra-Low Detection Au analyses.

- ◊ The FQM stratigraphic drilling program was also completed and in the end 8 holes (BWADD 0001 to 0008) were drilled to a cumulative depth of 5,695 m. This provided the basis for the development of a robust geological model and facilitating a stratigraphic comparison to the Central African Copper Belt.
- ◊ A down-the-hole Electromagnetic probe was tested in boreholes to characterize the different lithologies, with measurements taken for density, conductivity, resistivity and Full Wave Sonic. It showed that it was possible to characterize the different lithologies and to distinguish between them.
- ◊ CSIRO in Australia was retained to assist in overburden regolith research primarily to assist in the sampling of areas of Kalahari cover. Some 230 samples were collected from areas of (weak) bedrock mineralization and areas of barren bedrock for comparison, and other regolith types.
- ◊ Targets TOD17, 29, and 30 were drilled during the year. The siltstones and shales from TOD17 contained traces of chalcopyrite while TOD30 intersected basement, and TOD29 was abandoned in Kalahari sediment.

2015

- ◊ Further work by FQM included:
  - o 11,266 meters of diamond drilling on structural targets and stratigraphy was completed.
  - o Interpretation of the KGP data identified four targets – Middle East, School, Banana and Northern Swell. Two holes were drilled on Middle East. School target was test drill and intersected mineralized (mainly pyrite) phyllite/shale. Both targets remain unresolved and warrant further work.
  - o Interpretation of the hydro-geochemistry indicates that targets identified within the KGP grid remained of interest. Anomalous samples are also associated with the 'School' target. Additional targets were identified of which the Nxamasere West remains of interest.
  - o Hitzman updated the pre-Kalahari geological map and contributed to a new model on a link between iron formation and copper mineralization.
  - o CSIRO research suggests that mineralization in the bedrock is transmitted to the Kalahari surface and can be detected using surface sampling.

2016

- ◊ In January FQM notified Tsodilo that it was to terminated the Earn-in Agreement on the back of a major drop of the global copper price.
- ◊ Tsodilo initiated a review of all data collected over the area (historic, published, FQM and Tsodilo) to highlight targets that have either been superficially examine or not investigated at all.
- ◊ These data were plotted separately into four different result types: Recce 1 (meta-sediments including basement), Recce 2 (meta-sediments excluding the Kalahari cover and basement lithologies), Recce 3 (Kalahari cover only – KGP results) and Recce 4 (assay results from the hydro-geochemistry). The assay data were gridded and presented for major element (Cu, Ni, Co, Zn, Mo, and Mn) and with Sc-ratios.
- ◊ Combining this with geology (favorable lithologies, faults, thrusts etc.), geophysics (particular magnetics and electromagnetics), alteration and mineralization, eight targets priority-1, six priorit-2, and nine priority-3 targets were generated.

2017

- ◊ Interpretation of the Tsodilo and First Quantum data continued and it was concluded that the data from the Kalahari Geochemistry Program (KGP) (the drill program through the Kalahari cover into the weathered bedrock to sample this Kalahari/bedrock interface), was the most representative of the underlying geology. The KGP holes were drilled on a 2 x 2 km grid covering a large area. Based on the interpretation of the combined Tsodilo and First Quantum datasets a final tally of 9 target areas have been identified.
- ◊ Actual drill positions were finalized using geophysics, on each of these nine metal targets in consultation with an independent metal exploration expert.

- ◊ The assay data from the KPG (Kalahari Geochemistry Program) and Deep drilling program were analyzed for gold exploration purposes. Twenty gold targets were defined on a combination of the Au and As anomalies. The gold targets were also compared in details with the copper targets for overlaps.
- ◊ A decision was made to relinquish all the metals licenses in exchange for an initial grant of the seven (7) that form the core holdings of the metals licenses and which contain the iron deposit and copper targets. This transaction was initiated on December 29, 2017 and completed with the issuance of 7 initial grant licenses effective January 1, 2018.

2018

- ◊ The metal licenses PL386-395/2008, which contain prospective copper targets, have been renewed in its entirety as from October 1, 2018.
- ◊ The 9 drill targets for the sedimentary copper targeting exercise have been prioritized in terms of interest.
- ◊ The assay data of the Kalahari Geochemical Project (KGP), which was the drill sampling program of the sub-Kalahari regolith, was used to examine the distribution of the Cobalt results and targets were defined taking the Co ppm and the overburden thickness into account.
- ◊ Initially 29 targets were identified and these were combined with Scandium (Sc). The Scandium data showed prominent positive trends, and given the trends observed in the geophysics and this element's lower mobility it is speculated that these trends may be associated with faults or other pathways associated with fluid migration.
- ◊ The Co anomalies associated with these structural elements, both from geophysics and the Sc trends, have been re-prioritized resulting in 15 priority 1, 2 and 3 targets.
- ◊ Some 14 priority targets for Cu and Co were identified from analyses of the regolith of the Kalahari Geochemical Program (KGP). Three additional targets were highlighted from the Government regional geochemical sampling program conducted in the Ngamiland District between 1997 and 1999.
- ◊ In total 5071 samples were collected over these 17 targets with 80 grams of minus 180 mesh material collected from the sub-deflation zone. Importantly these samples were all collected during the Botswana dry season.
- ◊ The samples from the first Cu and Co target TA9 (357 samples) were consigned to the Intertek Laboratories in Australia and subjected to the TerraLeach partial digestion technique, specially developed for sampling in covered terrains. TerraLeach technology is designed to remove the "mobile ion" component from soil with a view to detecting metal dispersion from a buried ore-body. These accumulate within the top portion of the soil profile is via groundwater where they add to the background metal concentrations and are measured using partial digests.
- ◊ The following 19 elements were selected for assaying: Ag, As, Au, Bi, Cd, Co, Cu, La, Mo, Ni, Pb, Pd, Pt, Sb, Sn, Th, U, W, and Zn.
- ◊ Validated geochem results for target T9A were received from the Intertek laboratory. In order to assess and analyze the data sets, suggestions and input from an independent consultant and Intertek Testing Services were obtained. Three of the four Cu anomalies appear to be related to regolith features but one anomaly appears to be of note and requires further investigation.
- ◊ A review of the gold results was undertaken and highlighted the need to re-log some holes which have recorded positive gold returns in the past. These holes were selected in target areas that were identified during the review process with the emphasis on the deeper core holes in the region. This identified some strategies for assessing which holes which were not assed for gold in the past should be revisited and logged and sent for gold assay as their gold potential was previously overlooked.

2019

1st Q 2019 – Summary of work performed

- ◊ The T9A soil sampling anomaly is being targeted for drilling.
- ◊ The remaining soil sampling samples will be sent off for geochemical analysis, where it is envisaged that they will return similar positive drill targets results to T9A.
- ◊ Structural analysis from geophysical data sets is ongoing. This has identified some excellent structural features, some which correspond with the T9A anomaly also. This regional assessment program will continue and should aid in focusing the drill targets from the soil sampling anomalies.
- ◊ The geophysical data sets are also being used to improve our understanding of the rock type distributions with a mind to improve the geological mapping of the area covered by the Gcwihaba drilling.
- ◊ An ongoing program to unify the FQM logging data sets with the Gcwihaba logged data set which tends to have some larger natural variability in the nature and style of geological logging applied due to the greater history of the exploration by Gcwihaba continues. This work will make comparing the two data sets easier and aid in the geological mapping of the area covered area.
- ◊ The gold project has thus far identified three areas of note for further exploration which is ongoing via data analysis, and re-logging of core. 1. XIF related gold associations. 2. Gold associations with sulphide rich Phyllite (shale equivalent) units. 3. Other gold association related to other rock types. An analogy was drawn between the Homestake gold deposits, where the phyllites acted as the source for the gold deposited in the XIF material. This is being explored further alongside further data mining and core logging. The result of this initial gold exploration program is that significant samples of note have been identified in a number of holes which should be sent for gold fire assay. Where it is believed that significant intervals of gold may be identified and results in further gold exploration drilling.

3. Idada Trading 361 (Pty) Limited ("Idada") – South Africa

The Company holds a 70% interest in its South African subsidiary, Idada. Idada made application for an exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area in February 2012. This application was accepted in February 2013 and consultation was conducted with interested and affected parties in April and June 2013. An Environmental Management Plan (EMP) was submitted in April 2013 and a site visit was made by various governmental departments (DMR, EWT, and REMDEC) in September 2013. During the second quarter 2015, notice was received from the Department of Mineral Resources, South Africa which granted the Company the prospecting rights for gold and silver in the applied for area subject to certain subsequent conditions being met. The Company has fulfilled those requirements and the Prospecting Right, together with the EMP, was executed and became effective on April 7, 2016. The Prospecting Right has been granted for a term of five years effective May 2015.

Notices have been sent to all surface owners of the five farms informing the owners of our intent to access the property to commence exploration activities. Three land owners, holding most of the target ground, have denied access. This issue has been submitted to the Department of Mineral Resources (DMR) for resolution.

A start was made on the Barberton data collation and mapping process. Various open source satellite imagery data sources were examined to obtain the best cloud-cover free open source Landsat and Aster data. This is on-going work and further downloads may be required (hyperspectral data) for the spectral analysis exploration work. Sample gold and other base metal deposit locations (from de Wit's Africa Mineral Database) were plotted up on the imagery and will enable spectral signature mapping for identifying similar areas in the Barberton PL. Currently the focus is on obtaining as much detailed geological data for the PL as possible before starting the imagery analysis and mapping.

Summary of Work Performed as at March 31, 2019

2012

- ◊ The Company made an application for a Prospecting Right (PR) over a prospective area for gold and silver near Barberton in South Africa (Ref: MP30/5/1/1/2/1047PR).

2013

- ◊ The application was accepted by the Department of Mineral Resources (DMR). Consultation was conducted with interested and affected parties and an Environmental Management Plan (EMP) was submitted followed by a site visit by various governmental departments (DMR, EWT, and REMDEC).

2014

- ◊ The application continued to be reviewed by DMR

2015

- ◊ The DMR issued the PR subject to certain subsequent conditions being met.

2016

- ◊ The Company fulfilled all those requirements and the PR together with the EMP became effective as at May 2015 for a period of five years.
- ◊ Notices were sent to the surface owners of all the subdivisions of the five farms that are covered by the PR of the intention of the Company to start work. Three owners, holding most of this target ground, subsequently denied access. This issue has been submitted to the DMR for resolution.
- ◊ A detailed study of all available remote sensing data (satellite, spectral and other available images) was initiated to study the geomorphology, and to map the major structural and geological features. All the known gold and base metal occurrences in the immediate area were georeferenced and added to the database.
- ◊ The detailed airborne magnetic data provided information such as the dip of the target structure. The depth to fresh rock was estimated to be between 185 to 329 m.

2017

- ◊ The issue regarding the three owners refusing access to the target area has been brought to the attention of the BEE partner, Identity Resources (Pty) Ltd, in South Africa. The Department of Mineral Resources (DMR) has been advised and has committed to meet with these owners in order to inform them of our legal rights.
- ◊ The East Northeast – West Southwest orientated mineralized trust zones were incorporated and the areas of intersection with the North South target structure was located on the properties.
- ◊ The Shuttle Radar Topography Mission (SRTM) data was acquired for the properties and the topography highlights the structural grain of the geology.

2018

- ◊ A meeting was held with the Department of Mineral Resources in Witbank, South Africa to formulate a strategy to go forward.
- ◊ The Company has been advised to take the matter up with the regional Director and a letter was sent in an effort to resolve the issue of access to the land over which the Company has prospecting rights.
- ◊ The analog data for the detailed airborne magnetic data covering the prospecting permits was received and the Company is now awaiting the receipt of the raw data which was agreed to for it to acquire.
- ◊ A new geological map of the Barberton Greenstone belt was received from the Nelson Mandela University and will used as the new base map for the project.
- ◊ Once the issues with the surface owners have been resolved the Company will commence a mapping exercise based on the remote sensing information verifying various geological features and soil types. Some

soil and/or stream samples are planned which is to be followed by a ground magnetic survey to cover the major shear zone which will provide drill targets to intersect this structural feature.

◊ A request has been made to access to raw data of the airborne magnetic data, that was flown over the area, in order to model the depths and orientation of the North - South directed shear zone.

◊ A visit will be made to the Department of Mineral Resources (DMR) to reiterate the importance that the Company accesses to ground for it to conducts its exploration program.

2019

1st Q 2019 – Summary of work performed

Upon resolution of the land access issue the Company will resume its exploration activities.

Exploration and evaluation additions for the period-ended March 31, 2019 are summarized as follows:

		Bosoto Botswana		Idada So. Africa	Gcwihaba Botswana	
	Project BK 16	**Project PL 217**	**Total Precious Stones**	**Precious Metals**	**Metals**	**TOTAL**
Plant Operations	$ --	$ --	$ --	$ --	$ --	$ --
Drilling Expenditures	140	115	255	--	158	413
Amortization Drill Rigs, Vehicles & Trucks	1,312	1,036	2,348	--	602	2,950
GIS & Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	70	--	70	--	--	70
License Fees	--	--	--	--	594	594
Office, Maintenance, & Consumables	3,858	1,102	4,960	--	4,104	9,064
Salaries, Wages & Services	36,788	36,634	73,422	--	36,889	110,311
Balance at March 31, 2019	$42,168	$38,887	$81,055	$ --	$42,347	$123,402

Exploration and evaluation additions for the period-ended March 31, 2018 are summarized as follows:

		Bosoto Botswana		Idada So. Africa	Gcwihaba Botswana	
	Project BK 16	**Project PL 217**	**Total Precious Stones**	**Precious Metals**	**Metals**	**TOTAL**
Plant Operations	$87,001	$--	$87,001	$--	$--	$87,001
Drilling Expenditures	--	334	334	--	1,183	1,517
Amortization Drill Rigs, Vehicles & Trucks	13,710	8,872	22,682	--	6,883	29,565
GIS & Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	--	--	--	--	2,497	2,497
License Fees	--	--	--	--	601	601
Office, Maintenance, & Consumables	67,343	31,757	91,100	--	28,572	127,672
Salaries, Wages & Services	159,348	28,723	188,071	--	21,185	209,256
Balance at March 31, 2018	**$327,402**	**$69,786**	**$397,188**	**$--**	**$60,921**	**$458,109**

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2019, the Company had a negative working capital of ($503,324) (2018: $596,905), which included cash of $8,240 (2018: $572,402). These funds are managed in-house in accordance with specific investment criteria approved by the board of directors, the primary objective being the preservation of capital to assure funding for exploration activities. On September 28 2017, the Company sold royalty interest for $1,500,000 (see Financing Activities below). On December 31, 2018 the Company received advances under a Non-current note payable in the amount of $188,740.

Financial Instruments

The carrying amounts reflected in the consolidated Statement of Financial Position for cash, accounts receivable, accounts payable, accrued liabilities and loan notes payable approximate their fair values due to the maturities of these instruments. Certain of the Company's warrants are classified as derivative liabilities and are recorded at their estimated fair value. The liability recognized at March 31, 2019 for those warrants is NIL (2018: NIL). Due to the nature of the Company's operations, there is no significant credit or interest rate risk.

Operating Activities

Cash outflow used in operating activities before working capital adjustment decreased from ($16,293) the period-ended March 31, 2019 to ($153,898) for the period-ended March 31, 2018. Most operating expenses were decreased for the period-ended March 31, 2019 in total by $102,968 compared to 2018. The large operating expense reductions with a cash impact for 2019 were in stock based compensation $95,978 compared to 2018. The largest impact on Comprehensive income (loss) for the period was the net rental income for equipment of $108,477 in 2019, NIL in 2018.

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Annual Information (in US Dollars)	Fiscal Year December 31 2019	Fiscal Year December 31 2018	Fiscal Year December 31 2017
Net loss for the year	($64,605)	($1,015,437)	($1,301,378)
Basic loss per share	($0.00)	($0.02)	($0.03)
Basic diluted loss per share	($0.00)	($0.02)	($0.03)
Total other comprehensive income (loss)	99,849	(660,663)	373,806
Total comprehensive income (loss) for the year	$35,244	($1,676,100)	($927,572)
Basic comprehensive loss per share	($0.00)	($0.04)	($0.02)
Diluted comprehensive loss per share	($0.00)	($0.04)	($0.02)
Total assets	$7,370,351	$7,158,233	$7,845,863
Total long-term liabilities	$549,343	$464,343	--
Cash dividend	--	--	--

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2017				
Net income (loss) for the period	($311,018)	($416,914)	($307,291)	($266,155)
Basic income (loss) per share	($0.01)	($0.01)	($0.00)	($0.01)
Diluted basic income (loss) per share	($0.01)	($0.01)	($0.00)	($0.01)
Comprehensive income (loss) for the period	($225,849)	($293,941)	($424,450)	$16,668
Basic comprehensive income (loss) for the period	($0.01)	($0.01)	($0.00)	($0.01)
Diluted comprehensive income (loss) per share	($0.00)	($0.01)	($0.01)	$0.00
Total assets	$8,285,854	$8,168,529	$7,744,583	$7,845,863
Total long-term liabilities	--	--	--	--

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2018				
Net income (loss) for the period	($285,524)	($239,001)	($208,679)	($282,233)
Basic income (loss) per share	($0.01)	($0.00)	($0.00)	($0.01)
Diluted basic income (loss) per share	($0.01)	($0.00)	($0.00)	($0.01)
Comprehensive income (loss) for the period	$151,822	($1,061,034)	($351,854)	($415,034)
Basic comprehensive income (loss) for the period	($0.00)	($0.02)	($0.01)	($0.01)
Diluted comprehensive income (loss) per share	($0.00)	($0.02)	($0.01)	($0.01)
Total assets	$8,074,849	$7,157,478	$6,982,227	$8,227,394
Total long-term liabilities	--	--	--	$464,343

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2019				
Net income (loss) for the period	($64,605)			
Basic income (loss) per share	($0.00)			
Diluted basic income (loss) per share	($0.00)			
Comprehensive income (loss) for the period	$35,244			
Basic comprehensive income (loss) for the period	($0.00)			
Diluted comprehensive income (loss) per share	($0.00)			
Total assets	$7,370,351			
Total long-term liabilities	$549,343			

Investing Activities

Cash flow applied in investing activities decreased to ($120,451) for the period-ended March 31, 2019 [2018: ($428,544)].

Total expenditures of $120,451 on exploration properties for the period-ended March 31, 2019 were attributable to the Gcwihaba and Bosoto projects in northwest Botswana and the Idada project in Barberton, South Africa. There are no expenses and funding for the exploration of the Newdico projects in the 1st Q as prospects continue to be evaluated by management.

Financing Activities

The Company finances its corporate and exploration activities through the issuance of equity units by way of non-brokered private placements. Each unit has consisted of one common share of the Company and one or one-half a warrant with each full such warrant entitling the holder to purchase one common share of the Company for a purchase price equal to the unit price for a period of two to five years from the date of issuance.

In the third quarter of 2017, the Company reached an agreement with Sandstorm Gold Ltd. ("Sandstorm") (NYSE MKT: SAND, TSX: SSL) to grant royalties on three projects in consideration of the payment of $1,500,000.

The package of assets in the Royalty Sale includes:

1. the grant of a 1% NSR on the Company's wholly owned Botswana subsidiary Gcwihaba Resources (Pty) Ltd. prospecting metal licenses in northwest Botswana;
2. the grant of a 1% GPR on the Company's Botswana wholly owned subsidiary Bosoto (Pty) Ltd. precious stone prospecting license (PL217/2016) located in the Orapa Kimberlite Field; and,
3. the grant of a 1% NSR on the Company's 70% owned South African subsidiary Idada 361 (Pty) Ltd. gold and silver prospecting license located in the Barberton Greenstone Belt in the Mpumalanga province of South Africa.

Sandstorm shall have a right of first refusal with respect to any third-party *bona fide* offers to purchase a metal or precious stone royalty on the properties.

On December 31, 2018, non-current notes were issued for $464,373; advances were received of $188,740, and the balance was from conversion of expenses, with $352,465 of the notes being from related parties. In January 2019, non-current notes were issued for $85,000.

Tsodilo expects to raise the amounts required to fund the Gcwihaba, Bosoto and Idada projects and corporate general and administration expenses, by way of non-brokered private placements and joint ventures.

RESULTS OF OPERATIONS

On a consolidated basis, the Company recorded a comprehensive net income of $35,244 for the period ended March 31, 2019 $0.00 per common share, compared to a comprehensive net income of $151,822 for the period ended March 31, 2018 $0.00 per common share.

Total capitalized exploration expenditures including amortization of property, plant and equipment used in exploration activities on all projects amounted to net $6,940,405 as at March 31, 2019 compared to $8,328,667 as at March 31, 2018. Total capitalized exploration expenditures incurred on Gcwihaba's projects as at March 31, 2019 were $2,839,023 compared to $3,829,005 as at March 31, 2018. Additions of $42,347 were offset by exchange translations and royalties sold in 2018. Total capitalized exploration expenditures incurred on Bosoto's projects as at March 31, 2019 were $4,093,523 compared to $4,486,987 as at March 31, 2018. Additions of $82,055 in 2018 were offset by exchange translations and royalties sold in 2018. Total capitalized exploration expenditures incurred on Idada's projects as at December 31, 2019 were $7,859 compared to $12,675 as at March 31, 2018. There were no additions and the difference are exchange translations and royalties sold in 2018. The principal components of the Gcwihaba exploration program was the further detailing of drill targets. while the Bosoto PL369/2014 commenced different studies with respect to collecting a 20,000 ton sample via a box-cut methodology. The Bosoto PL217/2016 was centered on further clarification and review of the geophysical data over kimberlite targets. A table is presented in the Exploration and Evaluation Additions section above with specific details.

PERSONNEL

At March 31, 2019, the Company and its subsidiaries employed seventeen (17) compared to thirty-five (35) at March 31, 2018, including senior officers, administrative and operations personnel including those on a short-term service basis.

PERIOD-ENDED MARCH 31, 2019

The period-ended March 31, 2019 was a normal operating period. Operating expenses were at normal levels for the period.

RISKS AND UNCERTAINTIES

Operations of the Company are speculative due to the high-risk nature of its business which includes acquisition, financing, exploration and development of diamond and metal properties (collectively “mineral”). Material risk factors and uncertainties, which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set below. Any one or more of these risks and others could have a material adverse effect on the Company.

Additional Funding Requirements

Further development and exploration of the various mineral projects in which the Company holds an interest depends upon the Company's ability to obtain financing through equity or debt financing, joint ventures or other means. While the Company has been successful in the past in obtaining financing through the sale of equity securities and royalty transactions, there can be no assurance that the Company will be successful in obtaining additional financing in the amount and at the time required and, if available, that it can be obtained on terms satisfactory to the Company.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company incurred a loss of $64,605 and comprehensive gain of $35,244 during the period ended March 31, 2019, and as of that date the Company had an accumulated deficit of $48,946,430 and negative net working capital of ($533,323). Management has carried out an assessment of the going concern assumption and has concluded that the cash position of the Company is not sufficient to finance exploration and resource evaluation at the projected levels, and to finance continued operations for the 12-month period subsequent to March 31, 2019. The continuity of the Company’s operations is dependent on raising future financing for working capital, the continued exploration and development of its properties and for acquisition and development costs of new projects.

Management believes that it will be able to secure the necessary financing through a combination of the issue of new equity or debt instruments, the entering into of joint venture arrangements or the exercise of warrants and options for the purchase of common shares. However, there is no assurance the Company will be successful in these actions. There can be no assurance that adequate financing will be available, or available under terms favorable to the Company. The Company received $1,500,000 from the sale of royalties on September 28, 2017. In 2018 and 2019, non-current notes were issued for $464,373 and $85,000 respectively.

Should it be determined that the Company is no longer a going concern, adjustments, which could be significant, would be required to the carrying value of assets and liabilities. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statement of operation and comprehensive income (loss), and consolidated statement of financial position classifications that would be necessary were the going concern assumption not appropriate.

Failure to obtain equity or debt financing on a timely basis may cause the Company to postpone its exploration and development plans or forfeit rights in some of its projects.

Uncertainties Related to Mineral Resource Estimates

There is a degree of uncertainty attributable to the calculation of mineral resources and corresponding grades being mined or dedicated to future production. Until resources are actually mined and processed, the quantity of resources and grades must be considered as estimates only. In addition, the quantity and value of reserves or resources may vary, depending on mineral prices. Any material changes in the quantity of resources, grades or stripping ratio may affect the economic viability of the Company's properties. In addition, there is no assurance that recoveries in small-scale laboratory tests will be duplicated in larger-scale tests under on-site conditions, or during production. Determining the economic viability of a mineral project is complicated and involves a number of variables.

Commodity Prices and Marketability

The mining industry, in general, is intensely competitive and there is no assurance that, even if commercial quantities of minerals are discovered, a profitable market will exist for the sale of minerals produced. Factors beyond the control of the Company may affect the marketability of any minerals produced and which cannot be accurately predicted, such as market fluctuations, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, any combination of which factors may result in the Company not receiving an adequate return on investment capital. Prices received for minerals produced and sold are also affected by numerous factors beyond the Company's control such as international economic and political trends, global or regional consumption and demand and supply patterns. There is no assurance that the sale price of minerals produced from any deposit will be such that they can be mined at a profit.

Currency Risk

The Company's business is mainly transacted in Botswana Pula and U.S. dollar currencies. As a consequence, fluctuations in exchange rates may have a significant effect on the cash flows and operating results of the Company in either a positive or negative direction.

Foreign Operations Risk

The Company's current significant projects are located in Botswana. This exposes the Company to risks that may not otherwise be experienced if its operations were domestic. The risks include, but are not limited to, environmental protection, land use, water use, health safety, labor, restrictions on production, price controls, currency remittance, and maintenance of mineral tenure and expropriation of property. There is no assurance that future changes in taxes or such regulation in the various jurisdictions in which the Company operates will not adversely affect the Company's operations. Although the operating environments in Botswana are considered favorable compared to those in other developing countries, there are still political risks. These risks include, but are not limited to terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labor unrest. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's business.

Mineral Exploration and Development

The business of exploring for minerals and mining is highly, speculative in nature and involves significant financial and other risks which even careful evaluation, experience and knowledge may not eliminate. There is no certainty that expenditures made or to be made by the Company in exploring and developing mineral properties in which it has an interest will result in the discovery of commercially mineable deposits. Most exploration projects do not result in the discovery of commercially mineable deposit. While discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. There can be no guarantee that exploration programs carried out by the Company will result in the development of profitable mining operations.

Title Matters

Any changes in the laws of Botswana and South Africa relating to mining could have a material adverse effect to the rights and title to the interests held in those countries by the Company. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Infrastructure

Exploration, development, mining and processing activities depend on the availability of adequate infrastructure. Reliable roads, bridges, sewer and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance of provision of such infrastructure could adversely affect activities and profitability of the Company.

Uninsured Risks

The mining business is subject to a number of risks and hazards including, but not limited to, environmental hazards, industrial accidents, labor disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave~ ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to mineral properties or facilities, personal injury or death, environmental damage, delays in exploration, development or mining, monetary losses and possible legal liability. The Company maintains insurance against certain risks that are associated with its business in amounts that it believes to be reasonable at the current stage of operations. There can be no assurance that such insurance will continue to be available at economically acceptable premiums or will be adequate to cover any future claim.

Key Personnel

The Company is dependent upon on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company. The Company currently does not have key personal insurance on these individuals.

New Standards, Amendments and Interpretations Adopted

There are no other standards which the Company would have been required to adopt in the period.

New standards adopted as at January 1, 2018

IFRS 9, *Financial Instruments ("IFRS 9")*

Effective January 1, 2018, the Company has adopted IFRS 9 on a full retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out requirements for recognizing financial assets and liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 resulted in all financial assets previously classified as loans and receivables being classified as amortized cost. There was no change in the classification of financial liabilities. The adoption of IFRS 9 didn't have any impact on the measurement of financial assets; therefore, comparative figures have not been restated.

New Standards, Amendments and Interpretations not yet adopted by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 16, *Leases* ("IFRS 16")

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. In addition, the nature of expenses related to those leases will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are two important reliefs provided by IFRS 16 for assets of low value and short-term lease of less than 12 months.

The Company will adopt IFRS 16 on January 1, 2019 with modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognized as an adjustment at the date of initial application. Comparative information is not restated. The Company has interpreted that its leases are of low value and not requiring changes.

RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company

	2019	2018
Short term employee remuneration and benefits	**$77,501**	$107,501
Stock based compensation	**21,688**	39,562
Other long-term benefits*	**60,670**	52,798
Total compensation attributed to key management personnel	**$159,859**	$199,861

*Post employment benefits include $7,184 of accrued leave benefits through March 31, 2019 (2018: $7,184NIL).

◊ During the period an individual related to the CEO provided administrative and management services to the Company in 2019 and was remunerated in 2019 in the amount of $9,000 (2018: $9,000).

◊ During the period, individuals related to key management personnel of the company, received $2,033 in stock-based compensation during the period (2018 $5,966).
◊ During the period, two board members were issued notes in the amount of $437,465 (See footnote 5 for details).

There are no other related party transactions.

OUTLOOK

Precious stones and metals exploration remain a high-risk undertaking requiring patience and persistence. Despite difficult capital markets in the junior resource sector and the general decrease in commodity prices, the Company remains committed to international commodity exploration through carefully managed programs.

The company does not invest in financial instruments, nor does it do any hedging transactions.

ADDITIONAL INFORMATION

Additional information relating to Tsodilo Resources Limited is available on its website at,
www.TsodiloResources.com or through SEDAR at **www.sedar.com**.

FORWARD-LOOKING STATEMENTS

This Quarterly Financial Report, including this MD&A, contains certain forward-looking statements related to, among other things, expected future events and the financial and operating results of the Company. Forward-looking statements are based on the opinions, assumptions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. Such assumptions include: the Company's ability to obtain necessary financing; the Company's expectations regarding the economy generally, results of operations and the extent of future growth and performance; and assumptions that the Company's activities will not be adversely disrupted or impeded by development, operating or regulatory risk. The Company believes that expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon.

There can be no assurance that such statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "Risks and Uncertainties" in the Company's AIF, as well as changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs and availability of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources) and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

James M. Bruchs Chairman and Chief Executive Officer	Gary A. Bojes Chief Financial Officer

TSODILO RESOURCES LIMITED

CONDENSED INTERIM CONDENCED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

(expressed in United States dollars)

Unaudited – Prepared by Management

These condensed interim condenced interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34) using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim condenced interim consolidated financial statements have been authorized for release by the Company's Board of Directors on May 28, 2019.

CONTENTS:

Financial Reporting Responsibility of Management

Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Tsodilo Resources Limited, (“Tsodilo” or the "Company") of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed unaudited interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company’s management. The Company’s independent auditor has not performed a review of these financial statements.

DATED this 28th day of May, 2019.

TSODILO RESOURCES LIMITED

“s”	“s”
James M. Bruchs Chairman and Chief Executive Officer May 28, 2019	Gary A. Bojes Chief Financial Officer May 28, 2019

Tsodilo Resources Limited

Condensed Interim Consolidated Statements of Financial Position
(In United States dollars)

	March 31 2019	March 31 2018	December 31 2018
ASSETS			
Current			
Cash	**$ 8,240**	$ 560,708	$ 7,481
Restricted cash	**--**	11,334	--
Accounts receivable and prepaid expenses	**36,960**	190,121	47,937
Total Current Assets	**45,201**	762,163	55,418
Exploration and Evaluation Assets *(note 3)*	**6,940,405**	6,776,015	6,699,462
Property, Plant and Equipment *(note 4)*	**384,745**	536,671	403,343
Total Assets	**$ 7,370,351**	$ 8,074,849	$7,158,223
LIABILITIES			
Current			
Accounts payable and accrued liabilities (*note 9*)	**$ 548,525**	$ 165,259	$481,820
Total Current Liabilities	**548,525**	165,259	481,820
Non-current notes payable (notes 5 and 9)	**549,343**	--	464,343
Total Liabilities	**1,097,868**	165,259	946,163
SHAREHOLDERS' EQUITY			
Share capital *(note 6a)*	**49,281,890**	49,281,890	49,281,890
Contributed surplus *(note 6c)*	**11,604,674**	11,449,103	11,579,495
Foreign currency translation reserve	**(5,667,651)**	(4,669,491)	(5,767,500)
Deficit	**(48,946,430)**	(48,151,912)	(48,881,825)
Total Equity	**6,272,483**	7,909,590	6,212,060
Total Liabilities and Equity	**$ 7,370,351**	$ 8,074,849	$ 7,158,223

Nature of operations *(note 1)*

Commitments and contingencies *(note 12)*

Subsequent events *(note 14)*

See accompanying notes to the condensed interim consolidated financial statements

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Jonathan R. Kelafant
Chairman, of the Audit Committee

James M. Bruchs
Chairman and CEO

Tsodilo Resources Limited
Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
(In United States dollars)

	Periods Ended March 31	
	2018	2018
Administrative Expenses		
Corporate remuneration	**$ 106,227**	$ 107,104
Corporate travel and subsistence	**--**	797
Investor relations	**--**	3,572
Legal and audit	--	1,003
Filings and regulatory fees	**1,004**	6,564
Administrative expenses	**17,541**	34,861
Amortization	**22,270**	311
Stock-based compensation *(note 5c)*	**25,136**	120,934
	172,178	275,146
Other Income (Expense)		
Rental Income, net of cost	**108,477**	--
Interest Income	**2**	2
Impairment *(note 3)*	**--**	--
Foreign exchange gain (loss)	**(906)**	(10,380)
	107,573	(10,378)
Loss for period	**(64,605)**	(285,524)
Other Comprehensive Gain/(Loss)		
Foreign currency translation	**99,849**	437,346
Total Other Comprehensive Gain/(Loss)	**99,849**	437,346
Total Comprehensive Income (Loss) for the period	**$35,244**	$151,822
Basic loss per share *(note 7)*	**$0.00**	($0.01)
Basic comprehensive *(note 7)*	**$0.00**	$0.00

See accompanying notes to the condensed interim consolidated financial statements

Tsodilo Resources Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(In United States dollars except for shares)

	Share Capital		Contributed Surplus	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other			
Balance January 1, 2019	**45,347,310**	**$49,281,890**	**$11,579,495**	**($5,767,500)**	**($48,881,825)**	**$6,212,060**
Units Issued	--	--	--	--	--	--
Warrants Expiry	--	--	--	--	--	--
Stock Based Compensation	--	--	**25,179**	--	--	**25,179**
Comprehensive loss	--	--	--	**99,849**	**(64,605)**	**35,244**
Balance March 31, 2019	**45,347,310**	**$49,281,890**	**$11,604,674**	**($5,667,651)**	**($48,946,430)**	**$6,272,483**

	Share Capital		Contributed Surplus	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other			
Balance January 1, 2018	45,347,310	$49,281,890	$11,337,971	($5,106,837)	($47,866,388)	$7,636,636
Units Issued	--	--	--	--	--	--
Warrants Expiry	--	--	--	--	--	--
Additional Paid in Capital – Subsidiary Purchase, Other	--	--	--	--	--	--
Stock Based Compensation	--	--	121,132	--	--	121,132
Comprehensive loss	--	--	--	437,346	(285,524)	(151,822)
Balance March 31, 2018	45,347,310	$49,281,890	$11,449,103	($4,669,491)	($48,151,912)	$7,909,590

See accompanying notes to the condensed interim consolidated financial statements.

Tsodilo Resources Limited

Condensed Interim Consolidated Statements of Cash Flows

(In United States dollars)

	Periods Ended March 31	
	2019	2018
Cash provided by (used in):		
Operating Activities		
Net Loss for the period	**($ 64,605)**	($ 285,524)
Adjustments for non-cash items:		
Impairment	**--**	--
Amortization	**22,270**	311
Foreign exchange loss (gain)	**906**	10,380
Stock-based compensation	**25,136**	120,935
	(16,293)	(153,898)
Net change in non-cash working capital balances *(note 12)*	**77,681**	3,313
	61,388	(150,585)
Investing Activities		
Additions to exploration properties	**(120,451)**	(428,544)
Additions to property, plant and equipment	**--**	--
	(120,451)	(428,544)
Financing Activities		
Royalties Sold	**--**	--
Shares and warrants issued for cash	**--**	--
Share issuance cost	**--**	--
Non-current notes payable	**85,000**	--
	85,000	--
Impact of exchange on cash	**(25,178)**	34,975
Change in cash - for the period	**759**	(544,154)
Cash - beginning of year	**7,481**	1,116,195
Cash - end of period	**$8,240**	$ 572,041

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Tsodilo Resources Limited ("Tsodilo" or "the Company") is an exploration stage company which is engaged principally in the acquisition, exploration and development of mineral properties in the Republic of Botswana.

The Company is considered to be in the exploration and development stage given that none of its properties are in production and, to date, have not earned any revenues. The recoverability of amounts shown for exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the renewal or extension of exploration licenses, obtaining the necessary permits to operate a mine, obtaining the financing to complete exploration and development, and future profitable production. The Company is incorporated under laws of the Yukon Territory, Canada, under the Business Corporations Act of Yukon and the address of the Company's registered office is 161 Bay Street, P.O. Box 508 Toronto, Ontario, Canada, M5J 2S1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Toronto Venture Stock Exchange ("TSXV") under the symbol TSD.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company incurred a loss of $64,605 and comprehensive gain of $35,244 during the period ended March 31, 2019 and as of that date, the Company had an accumulated deficit of $48,946,430 and negative working capital of ($503,323). The Company has not generated significant revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future. The Company's continuation as a going concern depends on its ability to successfully raise financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether the Company's cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of these condensed interim consolidated Financial Statements.

Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures further, or divest of certain mineral property assets, to preserve working capital and alleviate any going concern risk.

The condensed interim consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future; and do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) ***Statement of Compliance with International Financial Reporting Standards***

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been authorized for release by the Company's Board of Directors on May 28, 2019.

(b) ***Basis of Preparation***

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss which are stated at their fair value. These condensed interim consolidated financial statements are presented in United States dollars and include the accounts of the Company and the following direct and indirect subsidiaries:

ENTITY	**2018**	2017
Tsodilo Resources Bermuda Limited ("TRBL") [Bermuda]	**100%**	100%
Bosoto (Proprietary) Limited ("Bosoto") [Botswana]	**100%**	100%
Gcwihaba Resources (Proprietary) Limited ("Gcwihaba") [Botswana]	**100%**	100%
Newdico (Proprietary) Limited ("Newdico") [Botswana]	**100%**	100%
Idada Trading 361 (Pty) Ltd. ("Idada") [South Africa]	**70%**	70%
All intercompany transactions have been eliminated on consolidation		

The accounting policies set out below have been applied consistently to all periods and years presented.

(c) ***Significant Accounting Judgments, Estimates and Assumptions***

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of polices and reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Accounts that require estimates as the basis for determining the stated amounts include accrued liabilities, stock-based compensation expense, and amortization expense. The amounts estimated for the warrant liability and stock based compensation is calculated using the Black-Scholes Merton valuation model, which requires significant estimates with respect to the expected life and volatility of such instruments. The estimated depreciation is influenced primarily by the estimated useful life of the Company's property, plant and equipment.

Significant judgments are required with respect to the carrying value of the Company's exploration and evaluation assets, the determination of the functional currency of the Company and its subsidiaries, the recoverability of the Company's deferred tax assets, and potential tax exposures given the company operates in multiple jurisdictions. In particular, the carrying value of the Company's exploration and evaluation assets is dependent upon the Company's determination with respect to the future prospects of its exploration and evaluation assets and the ability of the Company to successfully complete the renewal or extension process for its exploration properties as required. The Company has defined the cash generating units to be precious stones, metals and radioactive minerals. The quantification of potential tax exposures is dependent on the relevant tax authorities' acceptance of the Company's positions.

(d) ***<u>Earnings (Loss) per Common Share</u>***

Earnings (loss) per share calculations are based on the net income (loss) attributable to common shareholders for the period divided by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share calculations are based on the net income (loss) attributable to common shareholders for the period divided by the weighted average number of common shares outstanding during the period plus the effects of dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period. The incremental number of common shares that would be issued is included in the calculation of diluted earnings per share.

(e) ***<u>Exploration and Evaluation Assets</u>***

Exploration and evaluation assets include acquired mineral use rights for mineral properties held by the Company. The amount of consideration paid (in cash or share value) for mineral use rights is capitalized. The amounts shown for exploration and evaluation assets represents all direct and indirect costs relating to the acquisition, exploration and development of exploration properties, less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the exploration and evaluation assets are abandoned or sold. The Company has classified exploration and evaluation assets as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimates of proven and probable reserves.

Ownership of exploration and evaluation assets involves certain inherent risks, including geological, commodity prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for exploration and evaluation assets is dependent upon the delineation of economically recoverable ore reserves, the renewal or extension of exploration licenses, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate the mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its Botswana and South Africa Exploration and Evaluation Assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write-downs of exploration and evaluation assets carrying values. See note 3 for additional disclosures related to license commitments and strategic partners commitments and earn-in agreement.

(f) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation.

Depreciation is calculated on a straight line basis over the following terms:

Hangar (over remaining life of land lease)	9 Years
Vehicles	5 Years
Furniture and equipment	3 – 4 Years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(g) **Cash**

Cash consists of cash held in banks and petty cash.

(h) ***Foreign Currency Translation***

(i) Functional and presentation currency

The Company's functional and presentation currency is the United States dollar ("U.S. Dollar"). The functional currencies of the Company's subsidiaries are as follows:

Tsodilo Resources Bermuda Limited	("TRBL")	U.S. Dollar
Gcwihaba Resources (Pty) Limited	("Gcwihaba")	Botswana Pula
Newdico (Pty) Limited	("Newdico")	Botswana Pula
Bosoto (Pty) Limited	("Bosoto"')	Botswana Pula
Idada Trading 361 (Pty) Ltd.	("'Idada")	South African Rand

Each subsidiary and the Company's parent entity determine their own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date.

(iii) Translation of foreign operations

As at the reporting date the assets and liabilities of Gcwihaba, Newdico, Bosoto, and Idada are translated into the functional currency of the Company at the rate of exchange prevailing at the reporting date and their revenue and expenses are translated at the average exchange for the period. On consolidation, the exchange differences arising on the translation are recognized in other comprehensive loss and accumulated in the foreign currency translation reserve.

If TRBL, Gcwihaba, Newdico, Bosoto, and Idada were sold, the amount recognized in the foreign currency reserve would be realized and reflected in the statement of operations and comprehensive loss as part of the gain or loss on disposal.

(i) ***Income Taxes***

Current taxes are the expected tax payable or receivable on the local taxable income or loss for the year, using the local tax rate enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet method whereby deferred tax is recognized in respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) ***Share-based Compensation***

The Company follows the fair value method of accounting for stock option awards granted to employees and directors, whereby services are rendered as consideration for equity instruments (equity-settled transactions). The fair value of stock options is determined by the black-scholes option pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company's common shares and an expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock. Share-based compensation is amortized over the vesting period of the related option to earnings and no portions were capitalized. Upon participants' retirement from their duties, their shares are forfeited and any charges already recognized relating to unvested options are reversed. When an award is cancelled by the entity or by the counterparty, any remaining element of fair value of the award is expensed immediately through profit or loss.

The Company uses graded or accelerated amortization which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

(k) ***<u>Severance Benefits</u>***

Under Botswana law, the Company is required to pay severance benefits for full-time employees upon the completion of 5 years of continued service if the employee so elects or upon the termination of employment. Severance is earned at the rate of one day per month for an employee with less than five years of service and two days per month for employees with greater than five years of service. The specifics and benefits of the severance program mandated in Botswana are extended to full-time employees residing and working outside of Botswana. The cost of these severance benefits is accrued over the year of service until the benefit becomes payable. Portions of the severance expenses are capitalized to exploration and evaluation assets.

(l) ***<u>Financial Assets</u>***

Under IAS 39, all financial assets were classified as loans and receivables. Under IFRS 9, all financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVTPL"). All of the Company's financial assets are classified as amortized cost, being subsequently measured at amortized cost using the effective interest rate method.

(m) ***<u>Financial Liabilities</u>***

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability. The Company's accounts payable, non-current notes payable and accrued liabilities and subscriptions are classified as other financial liabilities. Financial liabilities classified as FVTPL include warrants with exercise prices denominated in a currency other than the Company's functional currency. Derivatives, including separated embedded derivatives are also classified as FVTPL and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. Transaction costs associated with FVTPL liabilities are expensed as incurred.

(n) ***<u>Impairment of Assets</u>***

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risk of a specific asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. No impairment adjustments were recognized in 2019 and 2018.

(o) ***Related Party Transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities and includes, but is not limited to, key management personnel, directors, affiliated companies, and project partners. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

(p) ***New Standards, Amendments and Interpretations Adopted***

New standards adopted as at January 1, 2018

IFRS 9, *Financial Instruments ("IFRS 9")*

Effective January 1, 2018, the Company has adopted IFRS 9 on a full retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out requirements for recognizing financial assets and liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 resulted in all financial assets previously classified as loans and receivables being classified as amortized cost. There was no change in the classification of financial liabilities. The adoption of IFRS 9 didn't have any impact on the measurement of financial assets; therefore, comparative figures have not been restated.

There are no other standards which the Company would have been required to adopt in the period.

(q) ***New Standards, Amendments and Interpretations not yet adopted by the Company***

At the date of authorization of these condensed interim consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's condensed interim consolidated financial statements is provided below. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's condensed interim consolidated financial statements.

IFRS 16, *Leases* ("IFRS 16")

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. In addition, the nature of expenses related to those leases

will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are two important reliefs provided by IFRS 16 for assets of low value and short-term lease of less than 12 months.
IFRS 16 standard is effective for annual periods beginning on or after 1 January 2019.

The Company will adopt IFRS 16 on January 1, 2019 with modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognized as an adjustment at the date of initial application. Comparative information is not restated. The Company has interpreted that its leases are of low value and not requiring changes.

3. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Balance at December 31, 2017	**$2,888,008**	**$293,853**	**$3,181,861**	**$9,220**	**$2,752,737**	**$5,943,818**
Additions	861,834	253,879	1,115,713	--	243,551	1,359,264
Net Exchange Differences	(312,824)	(45,694)	(358,518)	(1,318)	(243,784)	(603,620)
Balance at December 31, 2018	**$3,437,018**	**$502,038**	**$3,939,056**	**$7,902**	**$2,752,504**	**$6,699,462**
Additions	42,168	38,887	81,055	--	42,347	123,402
Net Exchange Differences	65,534	9,878	73,412	(43)	44,172	117,541
Balance at March 31, 2019	**$3,542,720**	**$550,803**	**$4,093,523**	**$7,859**	**$2,839,023**	**$6,940,405**

Exploration and evaluation additions for the period ended March 31, 2019 are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Plant Operations	$ --	$ --	$ --	$ --	$ --	$ --
Drilling Expenditures	140	115	255	--	158	413
Amortization Drill Rigs, Vehicles & Trucks	1,312	1,036	2,348	--	602	2,950
GIS & Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	70	--	70	--	--	70
License Fees	--	--	--	--	594	594
Office, Maintenance, & Consumables	3,858	1,102	4,960	--	4,104	9,064
Salaries, Wages & Services	36,788	36,634	73,422	--	36,889	110,311
Balance at March 31, 2019	**$42,168**	**$38,887**	**$81,055**	**$--**	**$42,347**	**$123,402**

Exploration and evaluation additions for the period ended March 31, 2018 are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Plant Operations	$87,001	$--	$87,001	$--	$--	$87,001
Drilling Expenditures	--	334	334	--	1,183	1,517
Amortization Drill Rigs, Vehicles & Trucks	13,710	8,872	22,682	--	6,883	29,565
GIS & Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	--	--	--	--	2,497	2,497
License Fees	--	--	--	--	601	601
Office, Maintenance, & Consumables	67,343	31,757	91,100	--	28,572	127,672
Salaries, Wages & Services	159,348	28,723	188,071	--	21,185	209,256
Balance at March 31, 2018	**$327,402**	**$69,786**	**$397,188**	**$--**	**$60,921**	**$458,109**

General

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of permits and the potential for problems arising from government conveyance accuracy, prior unregistered agreements or transfers, native land claims, confirmation of physical boundaries, and title may be affected by undetected defects. The Company does not carry title insurance. The Company has evaluated title to all of its mineral properties and believes, to the best of its knowledge, that evidence of title is adequate and acceptable given the current stage of exploration.

Exploration and Evaluation Assets (Royalties)

In the 3rd Q 2017, the Company reached an agreement with Sandstorm Gold Ltd. ("Sandstorm") (NYSE MKT: SAND, TSX: SSL) to grant royalties on three projects in consideration of the payment of $1,500,000 USD.

The package of assets in the Royalty Sale includes:

- ◊ the grant of a 1% NSR on the Company's wholly owned Botswana subsidiary Gcwihaba Resources (Pty) Ltd. prospecting metal licenses in northwest Botswana;
- ◊ the grant of a 1% GPR on the Company's Botswana wholly owned subsidiary Bosoto (Pty) Ltd. precious stone prospecting license (PL217/2016) located in the Orapa Kimberlite Field; and,
- ◊ the grant of a 1% NSR on the Company's 70% owned South African subsidiary Idada 361 (Pty) Ltd. gold and silver prospecting license located in the Barberton Greenstone Belt in the Mpumalanga province of South Africa.

Sandstorm shall have a right of first refusal with respect to any third-party bona fide offers to purchase a metal or precious stone royalty on the properties.

The Company has reclassified $1,500,000 proceeds from the sale of royalties from financing to investing activities in the condensed interim consolidated statement of cash flows for the year ended December 31, 2017, to conform with the consolidation statement of financial position treatment as a reduction of its exploration and evaluation assets.

Gcwihaba Resources (Proprietary) Ltd ("Gcwihaba") – Botswana

In 2017, Gcwihaba, a wholly owned subsidiary of the Company, held twenty-one (21) metal (base, precious, platinum group, and rare earth) prospecting licenses in the North-West district of which seven (7) were in renewal. A review of the merits of each license was undertaken in the fourth quarter of 2017 in an effort to determine which licenses were the most prospective in terms of exploration, discovery and development and an economic resource. The review determined that 7 licenses were more prospective than the others. A series of meeting were held with the Department of Mines and it was proposed that the company would relinquish the aforesaid twenty-one (21) licenses in exchange for an initial grant of the core seven (7) licenses. The proposal was accepted by the DOM and the 21 licenses were relinquished at year-end and the core seven licenses were given an initial grant effective January 1, 2018. These new licenses had an initial grant term of three (3) to be followed by 2 two year renewal periods. The relinquishment of the aforementioned licenses or portions thereof did not cause a reduction or change in the continuing overall exploration program nor impact the chances of the overall success of the program.

During the third quarter of 2018, discrepancies were discovered in the license documents issued in the first quarter. The Company brought this matter to the attention of the Department of Mines which after their review concurred and corrected the errors. The 7 licenses were then given new initial grant dates of October 1, 2018, with the same grant terms and renewal periods thereon. The licenses cover 4,920.50 square kilometers and collectively have a proposed minimum spending commitment of BWP 1,753,815 ($166,053 USD as at March 31, 2019) if held to their full initial term.

Bosoto (Pty) Limited ("Bosoto") – Botswana

Tsodilo was granted a prospecting license (PL369/2014) over the BK16 kimberlite pipe through its 100% owned Botswana subsidiary, Bosoto Pty (Ltd) effective October 1, 2014. The diamondiferous BK16 kimberlite pipe is located within the Orapa Kimberlite Field in Botswana and covered by 25 meters of Kalahari Group sediments. BK16 is located 37 km east-southeast of the Orapa Diamond Mine AK01, 25 km southeast of the Damshtaa Diamond Mine, and 13 km north-northeast of the Letlhakane Diamond Mine, all operated by Debswana and 28 km east-northeast from Lucara Diamond Corporation's Karowe mine (F/K/A AK6). Tsodilo has a 100% interest in Bosoto. The Company submitted a two-year renewal application in the second quarter and the license was renewed on October 20, 2017 to be effective October 1, 2017.

The Company estimated that it would take approximately BWP 40,002,000 ($3,787,430 USD as at March 31, 2019) in expenditures, goods and services over the two year renewal period to continue the evaluation of the BK16 kimberlite's economic potential and if warranted the preparation of a compliant NI 43-101 Bankable Feasibility Study (BFS). This estimate is based on the agreed work plan with the MMEWR. At any point the work plan may be amended and a new work plan agreed to with the MMEWR. The first two-year renewal expires September 30, 2019.

PL 217/2016 is situated within the Orapa Kimberlite Field and is located some 10 km south of the Orapa Mining area and with the same distance to the west of the Letlhakane Mining lease. It surrounds the Karowe Mining lease, while the BK11 prospect is directly to the east of the licence. Other kimberlites occur along its northern and eastern borders. The licence is highly prospective for kimberlites but also has the potential to contain secondary diamond deposits associated with the palaeo-drainage network in the area. The present drainage is to the north and erosion of the kimberlites would have resulted in the residue, including diamonds, to have been transported in the same direction. The focus of the exploration work would therefore be not only on finding kimberlites but also to assess the geomorphology in the search for palaeo-channels.

PL217/2016 has an initial grant term of three (3) years effective January 1, 2017 to be followed by 2 two-year renewal periods. The license comprises 580 square kilometers and has a proposed minimum spending commitment of BWP 6,058,700 ($573,644 USD as at March 31, 2019) if held to the furthest out initial full-term to December 31, 2019. The license has an initial grant term of three (3) years to be followed by 2 two-year renewal periods.

Newdico (Pty) Ltd – Botswana

In 2018, Newdico evaluated various land packages within Botswana for application of initial prospecting licenses or joint venture opportunities on existing prospecting licenses held by others and will continue to do so in 2019. In addition, Newdico provides exploration services to associated companies on an as needed basis.

Idada Trading 361 (Pty) Limited ("Idada") – South Africa

The Company holds a 70% interest in its South African subsidiary, Idada. Idada made application for an exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area in February 2012. This application was accepted in February 2013 and consultation was conducted with interested and affected parties in April and June 2013. An Environmental Management Plan (EMP) was submitted in April 2013 and a site visit was made by various governmental departments (DMR, EWT, and REMDEC) in September 2013. During the second quarter 2015, notice was received from the Department of Mineral Resources, South Africa which granted the Company the prospecting rights for gold and silver in the applied for area subject to certain subsequent conditions being met. The Company has fulfilled those requirements and the Prospecting Right, together with the EMP, was executed and became effective on April 7, 2016. The Prospecting Right has been granted for a term of five years effective as of May 2015.

Several of the land owners have notified the Company of their intent to deny access for exploration activities. A meeting was held with the Department of Mineral Resources (DMR) in Witbank, South Africa to formulate a strategy to go forward. DMR committed as per established procedure to issue letters reiterating the Company's right to have access to the license area. To date, the DMR has not issued the aforementioned letters and the Company has again approached the DMR to follow through on their obligation to resolve the access. Once the land access issue has been resolved the Company will commence its exploration activities.

The license comprises 9,033 hectares and has a proposed minimum spending commitment of SA Rand 2,116,527 ($146,291 USD as at March 31, 2019) if held to the furthest out initial full-term to May 2020. All expenditures have been curtailed until such time as access to the license area is provided.

4. PROPERTY, PLANT, AND EQUIPMENT

Property, Plant, and Equipment

Cost	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2017	$199,720	$ 1,364,439	$ 550,226	$ 2,114,385
Disposals	--	(18,952)	-	(18,952)
Net Exchange Difference	(16,940)	(115,731)	(42,398)	(175,069)
As at December 31, 2018	$182,780	$1,229,756	$507,828	$1,920,364

	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2018	$182,780	$1,229,756	$507,828	$1,920,364
Additions				
Net Exchange Difference	2,554	17,185	6,392	26,131
As at March 31, 2019	$185,334	$1,246,941	$514,220	$1,946,495

Accumulated Depreciation

	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2017	$22,701	$ 1,315,552	$ 227,686	$ 1,565,939
Depreciation	20,123	12,185	66,454	98,762
Disposals	--	(18,952)	--	(18,952)
Net Exchange Difference	(2,579)	(111,583)	(14,566)	(128,728)
As at December 31, 2018	$40,245	$1,197,202	$279,574	$1,517,021

	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2018	$40,245	$1,197,202	$279,574	$1,517,021
Depreciation	5,101	2,751	16,370	24,222
Disposals				
Net Exchange Difference	563	16,728	3,216	20,507
As at March 31, 2019	$45,909	$1,216,681	$299,160	$1,561,750

Net book value

As at December 31, 2018	$142,535	$32,554	$228,254	$403,343
As at March 31, 2019	**$139,425**	**$30,260**	**$215,060**	**$384,745**

For the period ended March 31, 2019, an amount of $23,975 (2018: $28,862) of amortization has been capitalized under exploration properties.

5. NON-CURRENT NOTES PAYABLE

In 2018 and February 2019, long-term notes were issued for $464,373 and $85,000 respectively from related parties, contractors and employees as settlement of compensation, service fees and expenses payable. The notes have an annual interest rate of 8% and are due September 30, 2020 , December 30, 2020 and January 31, 2021. The notes carry a termination fee of 10% upon early redemption of the notes for which there is an embedded derivative arising – the fair value of this is $NIL. There was no material gain / (loss) arising on this. In addition, at the option of the note holders, the notes can be converted to stock during future private placements at the price, that raise a minimum of CAD $500,000, of those future private placements. $352,465 of the notes was from related parties (see note 9).

Date	Base Amount	Interest Rate	Termination fee	Maturity Date
1-Oct-18	$ 20,000.00	8%	$ 2,000.00	30-Sep-20
31-Dec-18	$ 444,342.92	8%	$ 44,342.92	30-Dec-20
1-Feb-19	$ 85,000.00	8%	$ 8,500.00	31-Jan-21

6. SHARE CAPITAL

(a) Common Shares

Authorized, Issued and outstanding

The authorized capital stock of the Company comprises an unlimited number of common shares with no par value.

Issued and outstanding: 45,347,310 Common Shares as at December 31, 2019 and December 31, 2018:

1) Issued during the period-ended March 31, 2019: None

2) Issued during the year-ended December 31, 2017: None

(b) Warrants

As at March 31, 2019, there were no warrants outstanding.

As at March 31, 2018, the following warrants were outstanding:

Number of Warrants - Units

Expiry	Exercise Price (USD)	December 31 2017	Issued	Exercised	Expired	March 31 2018
April 29, 2018	$0.60	1,008,948	--	--	--	1,008,948
December 12, 2018	$0.75	10,795,578	--	--	--	10,795,578
		11,804,526	--	--	--	11,804,526

On April 29, 2016, the Company issued 1,008,948 warrants with an exercise price of $0.60, expiring on April 29, 2018. As the strike price of these warrants is in U.S. Dollars, the warrants were classified as equity instruments. The values of the units are equal to the value of the common shares at the issuance date.

On December 12, 2016, the Company issued 10,795,578 warrants with an exercise price of $0.75, expiring on December 12, 2018. As the strike price of these warrants is in U.S. Dollars, the warrants were classified as equity instruments. The values of the units are equal to the value of the common shares at the issuance date.

On April 29, 2018, 1,008,948 warrants at $0.60 expired.

On December 12, 2018, 10,795,578 warrants at $0.75 expired.

c) Stock Option Plan

The Company has a stock option plan ("SOP") providing for the issuance of options that cannot exceed 5,629,830 shares of common stock. The Company may grant options to directors, officers, employees, and contractors, and other personnel of the Company or its subsidiaries. The exercise price of each option cannot be lower than the market price of the shares being the closing price of the Company's common shares on the Toronto Stock Exchange the day before the grant date. Options generally vest ratably over an eighteen-month period, beginning with the date of issuance and every 6 months thereafter, and expire in five years from the date of grant as determined by the Board of Directors. Stock options when exercise will result in equity contributions.

The following Table summarizes the Company's stock option activity for the years ended December 31, 2018 and March 31, 2019

	Number of Options	**Weighted average exercise price (C$)**
Outstanding as at December 31, 2017	3,667,500	C$0.92
Granted	860,000	C$0.58
Forfeited	(640,000)	C$0.87
Expired	(635,000)	C$1.10
Outstanding as at December 31, 2018	3,252,500	C$0.81
Granted	250,000	C$0.28
Forfeited	(500,000)	C$0.77
Expired	(552,500)	C$1.05
Outstanding as at December 31, 2018	2,450,000	C$0.70

2019

On January 2, 2019, 222,500 stock options issued at C$0.75 expired.

On January 2, 2019, the Company issued 250,000 options exercisable at C$0.28 under its SOP to persons who are officers and employees of the Company.

On March 21, 2019, 380,000 options exercisable at C$1.25 expired.

On February 19, 2019, 500,000 stock options were forfeited.

2018

On January 2, 2018, the Company issued 260,000 options exercisable at C$0.65 under its SOP to persons who are officers and employees of the Company.

On January 3, 2018, 235,000 stock options issued at C$1.20 expired.

On March 22, 2018, 400,000 stock options issued at C$1.04 expired.

On March 26, 2018, the Company issued 600,000 options exercisable at C$0.55 under its SOP to persons who are directors and employees and an advisor to the Company.

During the year ending 2018, 640,000 stock options were forfeited.

The following table summarizes the stock based compensation expense and capitalized stock based compensation for the periods ended March 31, 2019 and 2018.

	2019	2018
Stock-based compensation expense	**$25,178**	$121,113
Capitalized Stock-based compensation expense	**--**	--
	$25,178	$121,113

The following assumptions were used in the Black Scholes option pricing model to fair value the stock options granted during the periods ended March 31, 2019 and 2018:

	2019	2018
Expected lives	**4.08 years**	4.11years
Expected volatilities (based on Company's historical prices)	**96.1%**	93.5% -95.5%
Expected dividend yield	**0%**	0%
Risk free rates	**2.47%**	1.71%
Weighted average fair value of option	**$0.19**	$0.48

The following table summarizes stock options outstanding as at March 31, 2019:

Options Outstanding				**Options Exercisable**		
Exercise Price (C$)	Number of Outstanding Options	Weighted Average Exercise Price (C$)	Weighted Average Remaining Contractual Life (Years)	Number of Exercisable Options	Weighted Average Exercise Price (C$)	Weighted Average Remaining Contractual Life (Years)
C$1.05	200,000	C$1.05	0.76	250,000	C$1.05	0.76
C$0.83	200,000	C$0.83	0.99	250,000	C$0.83	0.99
C$0.70	100,000	C$0.70	1.42	100,000	C$0.70	1.42
C$0.72	200,000	C$0.72	1.77	250,000	C$0.72	1.77
C$0.79	250	C$0.79	2.02	300,000	C$0.79	2.02
C$0.69	200,000	C$0.69	2.76	250,000	C$0.69	2.76
C$0.85	400,000	C$0.85	3.01	450,000	C$0.85	3.01
C$0.65	200,000	C$0.65	3.76	125,000	C$0.65	3.76
C$0.55	500,000	C$0.55	3.99	275,000	C$0.55	3.99
C$0.28	200,000	C$0.28	4.76	50,000	C$0.28	4.76
	2,450,000	C$0.70	2.78	2,852,500	C$0.75	2.54

7. INCOME TAXES

The recovery of income taxes varies from the amounts that would be computed by applying the Canadian federal and provincial statutory rate for 2018 of approximately 26.5% (2017: 26.5%) to loss before income taxes as follows:

	December 31, 2018	December 31, 2017
Loss for the year	**($1,015,437)**	($1,301,378)
Income tax rate	**26.50%**	26.50%
Income tax recovery	**(269,091)**	(344,865)
Foreign operation taxed at lower rates	**(13,253)**	1,670
Permanent differences	**64,385**	89,942
Change in benefits not recognized	**197,785**	220,999
Changes in estimate and foreign exchange	**20,174**	32,254
Provision for income taxes	**$ --**	**$ --**

As of December 31, 2018 the following deferred tax assets and liabilities have been recognized:

	December 31, 2018	December 31, 2017
Property, Plant and Equipment	**(18,000)**	($ 27,000)
Exploration & Evaluation Assets	**(1,492,000)**	(1,293,000)
Deferred tax liabilities	**(1,510,000)**	(1,320,000)
Tax losses carried forward	**1,510,000**	1,320,000
Net deferred income tax asset recorded	**$ --**	$ --

As at December 31, 2018 the Company has unrecognized deductible temporary differences aggregating to $16,898,000 (2017: $17,064,000), that are available to offset future taxable income. However these temporary differences relate to companies with a history of losses, and as a result are not recognized.

	December 31, 2018	December 31, 2017
Losses carried forward - Botswana	**10,046,000**	$10,832,000
Losses carried forward - Canada	**6,305,000**	5,661,000
Other	**547,000**	571,000
	16,898,000	$ 17,064,000

The Canadian tax losses of $6,305,000 (2017: $5,661,000) expire from 2026 through to 2038. The majority of Botswana tax losses can be carried forward indefinitely with the remainder expiring within five years.

	December 31, 2018	December 31, 2017
Total assessable losses relating to the activity in Botswana	**$16,907,000**	$16,830,150

8. LOSS PER SHARE

Net loss per share was calculated based on the following:

Period ended March 31	2019	2018
Net loss for the period	**($64,605)**	($285,524)
Effect of Dilutive Securities		
Stock options and warrants	**--**	--
Diluted net earnings (loss) for the period	**($64,605)**	($285,524)

The diluted loss per share is the same as the basic loss per share for the period ended March 31, 2019 because the stock options and warrants were anti-dilutive and had no impact on the EPS calculation. Weighted average shares used in the per share calculation were 45,347,310 see note 6 above.

9. RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company

	2019	2018
Short term employee remuneration and benefits	**$77,501**	$107,501
Stock based compensation	**21,688**	39,562
Other long-term benefits*	**60,670**	52,798
Total compensation attributed to key management personnel	**$159,859**	$199,861

*Benefits include $7,184 of accrued leave through March 31, 2019 (2018: $7,184).

During the period an individual related to the CEO provided administrative and management services to the Company in 2019 and was remunerated in 2019 in the amount of $9,000?? (2018: $9,000).

During the period, individuals related to key management personnel of the company, received $2,033??? in stock based compensation during the period (2018: $5,966).

In 2018, board members were issued notes in the amount of $352,465 (See note 5 above for details).

There are no other related party transactions.

10. SEGMENTED INFORMATION

The Company is operating in one industry. As at March 31, 2019 the Company's property, plant, and equipment in the United States was $659 (2018: $1,798) and in Botswana was $384,086 (2018: $534,873). No revenues were realized for exploration and evaluation properties that are detailed in note 3 above. Segment long-term exploration and evaluations properties in Botswana were $6,932,545 (2018: $8,315,992) and South Africa were $7,859 (2018: $12,675).

11. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued liabilities and non-current notes payable. The carrying values of these items as presented in the condensed interim consolidated financial statements are reasonable estimates of fair values due to the maturity and the terms of these instruments.

The Company's financial instruments have been classified as follows:

Financial Instrument	**Classification**
Cash	IFRS 9: Amortized cost (2018) IAS 39: Loans and receivables (2017)
Accounts receivable	IFRS 9: Amortized cost (2018) IAS 39: Loans and receivables (2017)
Accounts payable and accrued liabilities	Other financial liabilities
Subscriptions	Other financial liabilities
Non-current notes payable	Other financial liabilities

Risk Exposure and Management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, foreign exchange risk, and interest rate risk. Where material these risks are reviewed and monitored by the Board of Directors.

(a) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and stock options. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash on hand. No equity capital was raised in 2018, or through March 31, 2019.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions.

The Company anticipates continuing to access equity markets to fund continued exploration of its mineral properties and the future growth of the business. However, there is no guarantee that such financing will be available when required.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet it contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and accounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The majority of the Company's cash is held with a major Canadian based financial institution.

There are no allowances for doubtful accounts required.

(d) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. Because the cash is held on deposit at financial institutions and may be withdrawn at any time, and because the non-current notes payable have fixed interest rates, the Company's exposure to interest rate risk is not significant.

(e) Foreign Exchange Risk

The Company is exposed to currency risks on its Pula denominated working capital balances due to changes in the USD/BWP exchange rate. Based on the net Pula denominated asset and liability exposures as at March 31, 2019, a ten percentage change in the exchange rate would result in a $75,367(2018: $64,441) impact to the Company's net comprehensive income/(loss).

The Company issues equity in Canadian dollars and the majority of its expenditures are in U.S. dollars. The Company purchases U.S. dollars based on its near term forecast expenditures and does not hedge its exposure to currency fluctuations.

12. COMMITMENTS AND CONTINGENCIES

Prospecting Licenses

The Company holds prospecting licenses which require the Company to spend a proposed minimum amount on prospecting over the period of the licenses as outlined in note 3.

Lease Commitments

Currently, the aggregate minimum lease payments* are as follows:

Year	Facility	Term	BWP			USD
			Rental	Services	Total	
2019	Hangar Maun[1]	2/01/2016 – 12/31/2026	126,960	19,044	146,004	13,885
2019	Shakawe Plot[2]	1/01/2016 – 12/31/2020	72,000	-	72,000	6,847
2019	Letlhakane Plot[3]	TBD	-	-	-	-
	Total				218,004	20,732

* aggregate costs converted at January 1 of the current calendar year

[1]The lease has an effective date of January 1, 2016 and continues for 10 years at 8% escalation annually and shall be renewed every three (3) years at market and commercial rates. The initial monthly lease payment is 8,000 BWP / month in addition to a fee of 15% of monthly rental for security and general maintenance at the airport complex.

[2]The lease has an effective date of January 1, 2016 and is renewable at the company's option for an additional 4 years expiring on December 31, 2020. The monthly lease payment is 6,000 BWP.

[3]The lease is in the process of being transferred from the current primary lessee to Newdico. The transfer papers have been submitted to the local land board for approval. The lease cost is expected to be 6,000 BWP / month.

13. NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31 2019	March 31 2018
Net change in non-cash working capital balances:		
Increase (decrease) in accounts receivable and prepaid expenses	**$10,976**	$47,283
Increase (decrease) in accounts payable and accrued liabilities	**148,524**	(43,970)
Total	**$159,499**	$3,313

14. SUBSEQUENT EVENTS

A prospecting license application was filed for Newdico (Pty) Ltd subsequent to quarter-end.