



**TSODILO RESOURCES LIMITED**  
**Management's Discussion and Analysis**

**FOR THE THREE MONTH PERIOD ENDED**  
**MARCH 31, 2021**

**The Management's Discussion and Analysis has been authorized for  
release by the Company's Board of Directors on May 25, 2021**

## **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, 2021 and 2020. 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 25, 2021.

Disclosure of a scientific or technical nature in the MD&A was prepared under the supervision of Dr. Alistair A Jeffcoate (*Msci, PhD, MAusIMM(CP), MBGA, FGS*), the Company's Project Manage and Chief Geologist and a Qualified Person, as that term is defined in National Instrument 43-101.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. Additional information about the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **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.

### **Outstanding Share Data**

As of May 25, 2021, 49,152,098 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, 3,206,250 options are outstanding of which 2,231,250 are exercisable at exercise prices ranging from CAD \$0.07 - \$0.85.

Grant Date	Expiry Date	Grant Price (CAD)	Granted	Outstanding	Exercisable
May 21, 202	May 21, 2021	\$0.75	650,000	650,000	162,500
January 1, 2021	January 1, 2026	\$0.47	275,000	275,000	68,750
September 21, 2020	September 21, 2025	\$0.09	425,000	368,750	156,250
January 2, 2020	January 2, 2025	\$0.07	275,000	187,500	118,750
June 6, 2019	June 6, 2024	\$0.17	925,000	475,000	475,000
January 2, 2019	January 2, 2024	\$0.28	250,000	50,000	50,000
March 26, 2018	March 26, 2023	\$0.55	600,000	450,000	450,000
January 2, 2018	January 2, 2023	\$0.65	260,000	175,000	175,000
April 3, 2017	April 3, 2022	\$0.85	600,000	400,000	400,000
January 2, 2017	January 2, 2022	\$0.69	260,000	175,000	175,000

As of May 25, 2021, the following warrants were outstanding:

Grant Date	Expiry Date	Grant Price (USD)	Granted	Outstanding	Exercisable
January 25, 2021	January 25, 2023	\$0.55	2,686,038	2,686,038	2,686,038
February 10, 2021	February 10, 2023	\$0.55	300,000	300,000	300,000

### Principal Shareholders of the Company

To the best of the Company's knowledge, the principal shareholders (greater than 5%) of the Company as of May 25, 2021, are as follows:

Name	Description	Shares Owns, Controls or Directs	% of the Issued and Outstanding Shares
Azur LLC	Investment Trust	4,996,065	10.16%
Rakeesh Dhir	Investor	4,832,000	9.80%
Lucara Diamond Corporation	Diamond Mining Co.	4,476,773	9.10%
David J. Cushing	Investor	4,327,579	8.80%
James M. Bruchs	Chairman and CEO	2,888,119	5.87%

### Exploration Activities as at March 31, 2021

#### Subsidiaries

- ◇ The Company holds a 100% interest in its Botswana subsidiary, Gcwihaba Resources (Pty) Limited ("Gcwihaba") which holds seven (7) metal (base, precious, platinum group, and rare earth) prospecting licenses.
- ◇ The Company holds a 100% interest in its Botswana subsidiary, Bosoto (Pty) Limited ("Bosoto"), which holds two (2) precious stone prospecting licenses; PL369/2014 for the area which contains the BK16 kimberlite and precious stone prospecting license PL217/2016.
- ◇ The Company holds a 100% interest in Newdico (Pty) Limited. ("Newdico"), holds one (1) industrial mineral prospecting license PL091/2019, effective January 1, 2020. 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, 2021**

Prospecting License Number	Km <sup>2</sup>	Grant Date	Expiry or Renewal Date	Current Stage	Expenditure <sup>1</sup> Per Annum (BWP)		Total Expenditure from Grant Date and if held to Full License Term	
					Rental Fee	Work Program	BWP <sup>1</sup>	USD as at 3/31/2021
369/2014	1.02	10/01/19	9/30/21	2 <sup>nd</sup> Renewal	1,000	20,000,000 20,000,000	40,002,000	3,647,250
217/2016	292	7/01/20	6/30/22	1 <sup>st</sup> Renewal	1,460	500,000 500,000	1,002,920	91,443

<sup>1</sup> 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.

**1.1 PL369/2014 (BK 16)**

Bosoto was granted prospecting license (PL369/2014) over the BK16 kimberlite pipe effective October 1, 2014. The prospecting license was renewed for an additional two-year period commencing October 1, 2017 and a second two-year renewal application was granted effective October 1, 2019.

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 Letlhakane-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, eleven (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.

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, 2021**

Detailed ground magnetic and gravity surveys over the license area defined the surface area of BK16 as ~5.9 hectare (ha) increasing significantly the size from the historical estimate of 3.5 ha. A 3,662-meter (m) core drilling program

followed leading to a significantly updated geological model identifying the main kimberlite phases and revealing that dilution zones around the historical shaft and tunnel system were limited to the upper central part of the kimberlite rather than covering the entire kimberlite.

To assess the diamond value of the kimberlite, a Phase I mini-bulk sampling program consisting of fourteen (14) 24-inch Large Diameter Drilling (LDD) drill-holes totaling 3,121 meters was initiated. This program extracted 2,077 tonnes (calipered) of kimberlite. These LDD drill-holes were advance drilled by a 3,220 m core pilot drill-hole program which tested the geological model for accuracy ahead of the LDD program.

The Phase I LDD samples (243) were processed at the Company's dense media separation (DMS) plant ahead of X-Ray diamond separation and final hand sorting at the Company's secure recovery unit. The diamond recovery resulted in 509 diamonds weighing 78.403 carats.

Diamonds recovered in the Phase I program were studied by third-party qualified industry experts who concluded:

- ◇ sample average price for this sample was US\$176.44 per carat (see, Table 2);
- ◇ BK16 contains very high-quality diamonds dominated by highly marketable shapes and contained no boart;
- ◇ diamond breakage was very low; and,
- ◇ 3.8% of these diamonds were positively identified as Type IIa of mainly D color.

The Company retained the services of a leading industry expert in size frequency distribution (SFD) modelling to model the SFD of the BK16 kimberlite. The SFD of the diamonds recovered from the LDD samples indicated that the size distribution of BK16 could be coarser than several producers in southern Africa. There are indications that BK16 could have a broadly similarly coarse shaped size distribution to that of the Lucara's Karowe Mine (Botswana), Petra Diamonds' Premier Mine (South Africa), and Lucapa Diamond's Mothae Mine (Lesotho). This coarse distribution could be extrapolated to indicate that BK16 has the potential to host ~2-5% large special stone of over 10.8 carats in size (which compares favorably with Lucara Diamond Corp.'s Karowe Mine (AK6) production of specials.

The SFD modelling was further used to extrapolate the likely in-situ or "run of mine" value and grade of BK16, where the diamond value was modelled at US\$ 281 to US\$ 792 and the grade was modelled at 4 to 8 carats per hundred tonne (cpht), see the detailed breakdown in Table 3. These were achieved by forward modelling to a full kimberlite run of mine projection based on the SFD data for the Phase I LDD diamonds. The SFD study concluded that there is a clear 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). This under sampling explains why the sample grade and diamond value are well below the modelled grade and value, and thus why the value and grade modeling reported are so important and should be considered a more accurate reflection of a likely BK16 run of mine production.

This SFD modeling led to a preliminary range analysis and techno-economic modeling of the deposit at the scoping level using some defined variables and options for developing the project. The variables and options considered as part of this analysis were:

- ◇ Two main alternatives were considered, a 1 Mtpa and 2 Mtpa mine. For each of these alternatives several geological, processing (mining and treatment) and economic factors were considered.
  - Low \$300 /ct vs. Mid \$500 /ct vs. High \$650 /ct using the estimated grade (average ~ 5.5 cpht)
  - Toll treatment option vs. Build Own Plant vs. Treat at a refurbished plant
  - Discount rate 6.5%, with flat USD/BWP exchange rate and flat diamond price vs. Discount rate 5%, with divergent USD/BWP exchange rate and diamond price rises by 3% vs. Discount rate 8%, with fixed USD/BWP exchange rate and flat diamond price.
- ◇ Other inputs into the model were sample results from the Phase 1 LDD bulk samples; geostatistical estimating of the grade; several potential mine designs; an economic model based on estimates for CAPEX and OPEX for each option were considered.

A combination of the alternatives considered returned a range of possible project Net Present Values (NPV) considering all options. This range analysis suggests that a positive NPV project of ~150 million USD is possible. The range analysis suggests that at diamond values around \$350/ct the target could support a well-managed toll treatment operation. As the value increase to \$500-550 it would be viable to contemplate a variety of low-capital intensity operations. At values above \$600-650/ct the strategy of a developing a stand-alone full-size operation should be pursued.

These encouraging results suggest that BK16 has the potential to become a mineable asset, and suggest that the BK16 project employ a surface bulk sample method to augment the Phase 1 LDD sampling for its next stage of evaluation.

**Table 2**  
**Phase I diamond 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**  
**Phase I SFD modelled grade, diamond value and kimberlite value.**

Variable	Unit of Measure	BK16 Sample	Current BK16 SFD Study			
			Min	P20	P80	Max
Grade	cpht	3.8	4	5	7	8
Diamond Value	US\$/carat	177	281	290	600	792
Kimberlite Value	US\$/tonne	6.6	11	15	38	67

#### **Future Plans and Outlook for BK16**

The encouraging results from the Phase I program justifies moving onto Phase II which is to increase the number of carats recovered significantly by processing a far larger sample which will lead to an increase in the certainty of the grade and diamond value. Phase IIa will consist of the following:

Phase IIa Surface Bulk Sampling:

- ◇ Extract ~20,000 metric tonnes of kimberlite to obtain 800 to 1,600 carats of diamonds;
- ◇ Significantly improve the understanding of the grade of the deposit in cpht;
- ◇ Solidify further the accuracy of the high diamond value in US\$ per carat;
- ◇ Further confirm the presence and quality of the Type IIa diamond population;

- ◇ Confirm the presence of larger stones and demonstrate that BK16 will be a significant producer of special stones above 10.8 carats and >100 carat stones;
- ◇ Define an inferred resource; and,
- ◇ Further refine the accuracy of the economic fundamentals of the project to move towards detailed feasibility studies and ultimately mining.

Since the completion of Phase I, the Company has been developing the Phase IIa program with third-parties to ensure that sufficient carats are obtained in the most cost effective and viable manner. It was determined that a surface bulk sample of a box-cut style design will be the most economic and viable option for Phase IIa. Engineering studies undertaken for this surface bulk sample comprise a sample location study to maximize number of diamonds and a final optimized pit design that takes into account geotechnical parameters signed off by the independent engineers. Further to this, a detailed rehabilitation plan was created that meets statutory requirements and will ensure the workings and facilities are safe and restore the environment to as close as possible to its natural state.

The envisioned Phase IIa surface bulk sampling of this type constitutes standard industry practice for diamond exploration of kimberlites like BK16 to gain enough carats for an effective economic analysis. The Phase IIa bulk sample design will be a basic small and shallow box-cut style sample. Twenty-five (25) meters of over-burden will be stripped to expose the kimberlite below resulting in a depth of the box-cut design of 30 - 35 meters. If results are positive from this Phase IIa then a further phase of bulk sampling will be undertaken (Phase IIb) for a 5,000 tonnes LDD program plus another 20,000 tonnes of surface bulk sample in Phase IIb. Phase IIa and Phase IIb should provide a total of 1,800 to 3,600 carats from and provide a solid foundation for progressing the BK16 project, where it is envisaged that this will lead into mining of the BK16 kimberlite.

## **1.2 PL217/2016**

PL 217/2016 was acquired in the second quarter of 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 first renewal was granted on the June 29, 2020 with a commencement date of July 1, 2020 for a period of two years.

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 paleo-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 paleo-channels and alluvial diamond deposits.

## **Summary of Work Performed as at March 31, 2021**

A novel mix of remote sensing strategies which involved studying in combination air magnetic surveys; Aster LT1; Aster GED Emissivity; Landsat ETM 7+; Landsat LC08, Landsat 8 False Color, Shuttle Radar Topography Mission (SRTM)

digital elevation models (DEM); and regional digitized geology, helped identify a number of potential alluvial and kimberlite targets for further exploration.

This initial investigation led to a program of ground magnetic surveys over these targets which were conducted in two stages, and totaled 246 survey line km. This further refined the understanding of the area and identified 12 kimberlite targets of which 5 are high priority. Additional high-resolution ground gravity surveys followed and were conducted along lines perpendicular to the previously identified paleo-channels and also down stream of AK6 and BK11. Modelling of the ground magnetic and ground gravity data led to the identification of a number of paleo-channels. Where alluvial gravel paleo-channels have characteristically lower densities, and as such can be identified as having a lower gravity than the surrounding area. This modelling indicated significant overlaps between these ground geophysical surveys and the remote sensing interpretations for the locations of subsurface paleo-channel alluvial targets. Several prospective paleo-channel targets close to present-day drainages have been noted. Those channels may contain alluvial diamonds sourced from AK6 (Karowe / Lucara Diamond Corp.) and BK11 (Firestone Diamonds) and could contain large diamonds that are characteristic of AK6.

#### **Future Work on PL217/2016**

The initial exploration results for the remaining ground within this prospecting license are encouraging and require further investigation. The next exploration program will consist of:

- ◇ further high-definition ground magnetic surveys over the license to further test for other potential diamondiferous paleo-channels;
- ◇ a soil sampling program has been planned to help delineate drilling targets by identifying kimberlite indicator areas around some of the kimberlite targets identified;
- ◇ this will lead to a prioritized drill program to test the alluvial targets and the kimberlite targets; and
- ◇ if successful and diamonds are identified in either the alluvial targets or the kimberlite targets this will lead to a bulk sampling programs of these prospects.

## **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<sup>2</sup> (Table 5).



**Table 5: Gcwihaba Metal Licenses as at March 31, 2021**

Prospecting license Number	Km <sup>2</sup>	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 3/31/2021
020/2018	570.00	10/01/18	9/30/21	Initial Grant	2,850	240,000 <sup>+</sup>	248,550	22,662
021/2018	964.90	10/01/18	9/30/21	Initial Grant	4,825	240,000 <sup>+</sup>	254,475	23,202
022/2018	317.10	10/01/18	9/30/21	Initial Grant	1,586	240,000 <sup>+</sup>	244,758	22,316
023/2018	978.60	10/01/18	9/30/21	Initial Grant	4,893	240,000 <sup>+</sup>	254,679	23,221
024/2018	807.30	10/01/18	9/30/21	Initial Grant	4,037	240,000 <sup>+</sup>	252,111	22,987
025/2018	454.50	10/01/18	9/30/21	Initial Grant	2,273	240,000 <sup>+</sup>	246,819	22,504
026/2018	828.10	10/01/18	9/30/21	Initial Grant	4,141	240,000 <sup>+</sup>	252,423	23,015
	4,920.50						1,753,815	159,907

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

The exploration work conducted on the Gcwihaba licenses has developed over time and the following targets are currently being explored within Neoproterozoic rocks within the licenses which are comprised of Copper Belt (Lufilian Arc)-equivalent meta-sediments (including graphitic phyllites, schists, marbles (carbonates), diamictites, and iron formation), metabasites and gabbros (535 Ma):

1. **Xaudum Iron Formation Deposit:** Comprised of a magnetite banded iron formation deposit and iron rich schists that are contained within the Grand Conglomerate Formation (linked to the Chuos in Namibia);
2. **Copper and Cobalt Exploration:** Sedimentary Cu/Co (Katanga type sediments) within the entire Neoproterozoic package;
3. **Xaudum Gold Exploration:** Gold mineralisation linked to the Xaudum Iron Formation; and
4. **Rare Earth Element Exploration:** Skarn REE and Cu targets. These are secondary skarn targets hosted within marbles (carbonate) rich lithologies and include significant enrichment in REE and Cu.

#### **Summary of Work Performed as at March 31, 2021**

Exploration for these metals is driven by geophysics as there is no outcrop and there is significant Kalahari cover overburden of sands and calcrete. To this end, the Company has completed:

**Geophysics:** Over 1,800 km<sup>2</sup> (~20,000-line km) of ground magnetics which has defined the extent of the highly magnetic XIF. Airborne electro-magnetic survey (Spectrem) was flown (16,934-line km) collecting electromagnetic (EM), magnetic and radiometric data. A 10,392-line km at a 500 m flight line interval airborne gravity survey also was flown. These surveys have contributed greatly to advancing the structural and geological modelling of the area, which have aided immensely in exploration targeting.

**Drilling and Assaying:** 366 core drill samples totalling 77,174 meters of core, including 116 reflex gyro surveys and over 51,000 samples were sent for assay. Additionally, a 220-hole drill program (13,689 meter) known as the Kalahari Geochemistry Program (KGP) was conducted to the test soil overburden for hydromorphic dispersion of copper and

other metals from bedrock mineralization via assaying (8,326 samples assayed for As, Au, Bi, Co, Pb, Al, Ca, Cu, Mg, Ni, Zn, and Ag) on a 2 km grid to locate targets for further exploration and drilling. This program identified a number of high priority targets for further exploration.

**Xaudum Iron Formation:** This is a potential prospect for future mining and has been identified as our key program. To date drilling of Block 1 the northern part of the XIF deposit resulted in a geology and mineralisation model being generated using the Gocad modelling package. This model was used by SRK Consulting (U.K.) to define Gcwihaba maiden Mineral Resource Estimate (MRE) in a National Instrument (NI) 43-101 technical report for Block 1, via standard pit optimisation techniques. This Block 1 resource is defined as 441 million tonnes (Mt) grading 29.4% Fe, 41.0% SiO<sub>2</sub>, 6.1% Al<sub>2</sub>O<sub>3</sub> and 0.3% P and represents Botswana's first and only iron resource. Davis Tube Recovery (DTR) metallurgical test work showed that all major mineralised units are capable of producing a premium grade magnetite concentrate product of ~67% Fe. This XIF iron concentrate product will be very similar to the iron ore concentrate fines and pellets feed produced from premium iron ore producers in the U.S., Canada, Brazil, Sweden etc. and attract a premium value compared to standard global iron ore products.

The reported Block 1 Mineral Resource represents only a fraction of the potential XIF mineralization delimited by the ground magnetics. An Exploration Target for the entire strike of the XIF is estimated to be 5 to 7 billion tonnes with grades ranging between 15-40% Fe. This XIF Exploration Target was generated using inversion modelling of the ground magnetic signal which was compared to local drill-hole model volumes to create inversion model volume conversion factors, these values were used to define volumes for the entire XIF which were converted to tonnes via measured density values. It is important to note that the tonnages and grade quoted in this exploration target are conceptual in nature, there has been insufficient exploration to define this fully as a mineral resource and that it is uncertain if further exploration will result in the full target being delineated as a mineral resource. A Phase II evaluation drilling program has begun within the next major XIF magnetic anomaly area, referred to as Block 2. A Block 2 drill plan evaluation was undertaken to delineate priority areas for the initial next phase of drilling in Block 2. This was initiated by a review of the geophysics and a scoping level geological model has been drafted to help with drill planning based on current drilling and geophysical signatures.

**Copper and Cobalt Exploration:** Tsodilo has identified within the same area exciting potential for Copper/Cobalt, Rare Earth Elements (REE), and Gold within these same Katanga meta-sediments and associated basement complex. Tsodilo has reviewed and refined its targets to fourteen (14) high priority Cu and Co targets for further exploration. This work led to a soil sampling program to help define these targets further. 5,071 soil samples were collected and sieved to 180 mesh from the sub-deflation soil zone during the dry season. The first targets soil samples were sent for a specialized partial digestion technique which has been specially developed for sampling in covered terrains called TerraLeach at Intertek laboratories Australia. This data was validated and further studied to remove geomorphological controls and highlighted a significant target of interest that has been prioritized for drilling. Further geological interpretation and modelling has been on-going and is designed to aid in delineating zones of alteration, such as albite and Na-feldspar alteration which act as pathfinders for fluid flow zones that may help in defining areas that may have potential for Cu mobility. This geological interpretation program has also aided in our understanding of the

geology of the area, where there have been some significant developments in our regional understanding that are being captured and mapped.

**Rare Earth Element Exploration:** The Company has identified at least two significant skarn associated prospects (C26 and C27) that contain a standard suite of ordinary carbonate, silicate, and phosphate REE minerals of well-established metallurgy that can be exploited easily. The holes in the two skarn anomalies C27 and C26 that stand out as being high in TREO% are as follows:

- ◇ 1822C27\_6: C27 skarn anomaly - This hole has the highest TREO recorded at 1.49% at 2m of intervals over 1% TREO and 4 m of intervals over 0.1% TREO.
- ◇ 1822C27\_2: C26 skarn anomaly - This hole has 1m over 1% TREO but has 45m of intervals over 0.1% TREO.
- ◇ 1822C26\_1: C26 skarn anomaly - This hole has 18m of intervals over 0.1% TREO.
- ◇ 1822C26\_3: C26 skarn anomaly - This hole has 11m of intervals over 0.1% TREO.

The C27 skarn anomaly, which is the larger of the two skarn prospects, has been modeled to a conceptual Exploration Target of 76 Mt to 92 Mt of skarn with grades ranging from 0.05 % to 1 % Total Rare Earth Elements Oxide (TREO). This conceptual C27 skarn anomaly Exploration Target was generated by geologically modelling in 3 dimensions using the drill-hole intersections of the C27 skarn anomaly allowing volumes representing the C27 skarn to be generated. These modelled volumes were then turned into the tonnages quoted by using a likely range of densities for this skarn material of 2.5 to 3.0 g/cm<sup>3</sup>. It is important to note that the tonnages and grade quoted in this exploration target is are conceptual in nature, there has been insufficient exploration to define this fully as a mineral resource and that it is uncertain if further exploration will result in the full target being delineated as a mineral resource.

**Gold Exploration:** Several Gold anomalies have been seen within some of the Xaudum Iron Formation drill holes and associated facies as described above. This gold project has thus far identified that there is potential for gold mineralization to be associated with the XIF, where an analogy has been drawn to the Homestake gold deposit in South Dakota, US, where phyllites acted as the source for the gold deposited in the XIF material. A detailed review of all data collected to date assisted in identifying a number of potential gold anomalies for further study within the drill-hole dataset, these have been used to assess the potential for generating Gold targets for further exploration within this Xaudum Iron Formation and associated units. This led to a significant core logging and data mining program to identify current holes that can be processed for gold assay, to date 6 holes have been identified as having potential gold mineralization and are awaiting gold assay.

#### **Future Plans and Outlook - Metals Projects**

Xaudum Iron Formation: 2020 may have been the start of a new Super Cycle for iron ore wherein supply is so inadequate to demand growth that prices rise for years, even a decade or more. The fundamentals for iron ore are strong and with this as a background the Company is currently exploring options for developing the XIF resource. To this end the Company is looking to initiate a Preliminary Economic Assessment (PEA) for this project. The objective of this PEA will be to conduct an early-stage economic analysis of the potential viability of the mineral resources and to develop a general strategy to move the project forward, given its premium ore potential. The PEA will include detailed studies into; processing and engineering strategies; equipment and technology requirements; transport and infrastructure requirements; identification of potential environmental and social aspects; associated costs such as capital costs, operational costs, and life-cycle costs; and, anticipated revenues. The Xaudum iron ore project is a

national interest project that can be exploited to produce an iron product of 67% Fe and above. This highly attractive and valuable Fe product can also be further beneficiated to other Fe products such as ferro-alloys, reduced iron products and steel. The potential for a small-scale start-up mine supplying magnetite to a small-scale ferrosilicon (FeSi) plant which will sell FeSi products to the mines in Botswana and the mines in the local SADC area is also being explored as a way of initiating mining at a small scale while a larger scale mine and infrastructure can be explored and developed.

**Copper and Cobalt Exploration:** A detailed review of the data is ongoing to further refine exploration priorities incorporating new detailed structural and geological mapping data alongside the recent soil sampling information. This work also includes plotting of alteration data logged and assay generated on geological cross sections, interpolation of information into a 2D map, improved structural interpretations, which will ultimately lead to updated drill target recommendations. Remaining soil samples will be sent for TerraLeach analysis to assist in refining the high priority Cu and Co targets so focused drilling of these targets can occur.

**Rare Earth Element Exploration:** The next stage for REE exploration is to develop a detailed study of the geology and facies and alterations associated with the skarns and develop a detailed geological and mineralization model of these skarn anomalies. This will lead to the development of a REE exploration target tonnage and grade range that will advance the next stage of REE drilling and exploration program to further define the grade and tonnage of these REE deposits.

**Gold Exploration:** The gold logging program will continue and holes identified sent for gold assay, which will lead to drill target generation for further exploration.

### **3. Newdico (Proprietary) Limited (“Newdico”) – Botswana**

The Company holds a 100% interest in Newdico (Pty) Limited (“Newdico”) which holds one (1) industrial mineral (granite & dolerite) license. The license lies within the Central District of Botswana just to the east of the town of Nata and has an area of 266 km<sup>2</sup>. The license is prospective for granites/granitic materials and dolerites that are industrial minerals used mainly in the construction industry as aggregate. This granite when crushed into a granular aggregate material of various sizes can be suitable for use either on their own or with the addition of cement, lime or a bituminous binder in construction. Important applications include concrete, manufactured sand, mortar, road stone, asphalt, railway ballast, drainage courses and bulk fill. This license is summarized in Table 6.

**Table 6**  
**Industrial Minerals Prospecting License as at March 31, 2021**

Prospecting License Number	Km <sup>2</sup>	Grant Date	Expiry or Renewal Date	Current Stage	Expenditure <sup>1</sup> Per Annum (BWP)		Total Expenditure from Grant Date and if held to Full License Term	
					Rental Fee	Work Program	BWP	USD as at 3/31/2021
091/2019	566	01/01/20	12/31/22	Initial Grant	2,830	130,000	132,830	12,111

<sup>+</sup> 1<sup>st</sup> year 30,000 BWP; 2<sup>nd</sup> year 60,000 BWP; and 3<sup>rd</sup> year 40,000 BWP

**Summary of Work Performed as at March 31, 2021**

A desktop study of the regional geophysical magnetic data was undertaken in the license area in order to delineate granite and/or dolerite buried beneath the Kalahari. The local geology is characterized by basement complex outcropping mainly in the northeast corner of the Dukwe area, which is to the east of the license area. There is some exposure around the Matsitama river where it was mapped as a gneiss and was described as varying in texture “from fine-grained and granulitic – or schistose – to medium or coarse-grained and granitic” falling into two broad lithological types; the feldspathic schists and amphibolitic schist. Overlaying the complex is a succession of Dukwe formations which is the lowest part of the Karoo Supergroup. It comprises of sedimentary rocks which from the lower part, including beds of sandstone. The upper member is a sequence of varved shales within a thin bed gritty pellet conglomerate. Overlying the Dukwe formation are successions of the Mosu and Ntane sandstones. Capping the Ntane sandstones are the Karoo flood basalts, and these can be inferred from the magnetic structures within the license area.

The Total Magnetic data was reduced to the pole, from which various filters were applied to obtain the first and second derivatives, Analytical Signal and Tilt derivative maps were utilized enabling an interpretation to be performed. Magnetic “granitic textures” were visible from these maps and inferred granite was outlined. Further review of the data will take place before field work commences.

**4. Idada Trading 361 (Pty) Limited (“Idada”) – Barberton Gold Project, South Africa**

Barberton is situated in the De Kaal Valley at the southeastern edge of De Kaap Valley pluton and is fringed by the Makhonjwa Mountains (Barberton Mountain Land). The Barberton area has a long and colorful history of gold production producing an estimated 360 tonnes of Au between 1884 and 2012, worth over \$13 trillion USD at today’s gold prices. However, it is noted that around 70% of this was extracted from four main mines Sheba, New Consort, Fairview and Agnes.

A detailed high-quality aerial survey over the Barberton region in 2011 identified hidden structures and faults that were unknown prior to the survey. This survey has suggested that the Saddleback-Inyoka Shear Zone and the southwesterly extension of the Barbrook and Sheba faults are possibly continuous to the northwest rather than turning south as previously inferred. These fault and shear zones are vitally important and are the main host of gold in

the region. As such this new structural interpretation led to the company to apply for ground over this new northwest extension of this fault system, via its South African subsidiary Idada in the anticipation that it may host significant gold mineralization.

The Company holds a 70% interest in its South African subsidiary, Idada. Idada made application for this exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area in February 2012. 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 was submitted to the Department of Mineral Resources (DMR) for resolution.

During the third quarter 2019, the Company was informed that certain portions of our license areas were designated as a World Heritage site by UNESCO. UNESCO has informed the Company that in accordance with the Operational Guidelines for the Implementation of the World Heritage Convention, UNESCO are investigating the situation that the Company brought to their attention. UNESCO has informed us that according to IUCN, the Advisory Body to the intergovernmental World Heritage Committee concerning nominations of natural heritage sites on the World Heritage List, the overlapping prospecting license on the western portion of the property or of the presence of Tsodilo Resources Ltd was not brought to the attention of IUCN during the evaluation process. The documentation related to the evaluation and inscription of the site on the World Heritage List from UNESCO's website at: <http://whc.unesco.org/en/list/1575/documents>.

As the responsibility for nominating sites to the World Heritage List and the management and protection of the World Heritage properties inscribed is under the authority of the State Party of South Africa, UNESCO advised us that they would be contacting the appropriate South African office for clarification. To date, it is our understanding that neither the Department of Mineral Affairs (DMA) nor the Department of Environmental Affairs has responded to UNESCO's inquiry. In addition to UNESCO's inquiries, we also contacted the DMA for guidance and received a response but before the issue could be dealt with the South African government was shut down due to the COVID-19 virus. We will continue our efforts to engage the DMA once the government resumes its activities on a full-time basis. In the interim, we have filed a renewal application to protect our license rights.

#### **Summary of Work Performed as at March 31, 2021**

A desktop study of all published and available geological, geochemical, and geophysical data was undertaken to define the geology, and structural regime of the area, including the dip of the target fault structure. This study also incorporated various remote sensing data sets including open-source Landsat satellite imagery and Aster hyperspectral data, this has enhanced our understanding of the geomorphology and the interplay this has with the geology, the important local weathering regimes and soil occurrences. All the known gold and base metal occurrences

in the immediate area were georeferenced and added to the database. This led to the East Northeast – West Southwest orientated mineralized thrust fault zones being incorporated into our detailed geological interpretation, including areas that intersect the main target fault zone located on the property, and as such have been highlighted for priority exploration. This has given the company all the information it requires to move into the next “ground truthing” phase of the exploration program.

**Future Plans and Outlook for the Barberton Gold Project:** Once the issues with the surface owners and UNESCO have been resolved the Company will commence a mapping exercise based on the geological information acquired by the desktop study to verify the local geology, various geological features, and soil types. Some soil and/or stream samples are planned to be taken, which will be followed by a detailed ground magnetic survey to cover the main shear/fault zone in the area to help define drill target locations so to intersect this structural feature, and identify if there is any significant gold mineralization present in the license.

**Special Note:** The Company has made repeated requests for an update on the licensing issue to our Black Empowerment Partner, Idada, through its representative, Siphon W. Mofokeng, during the 1<sup>st</sup> and 2<sup>nd</sup> quarter. To date, Mr. Mofokeng has acknowledged receipt of our communications but has not responded.

#### **Covid-19 Pandemic Relief**

In the first Quarter of 2020, the Company initiated efforts to get Covid-19 relief from expenditure and work requirements on our prospecting licenses due to the exceptional and debilitating global effects of the Covid-19 pandemic. In June 2020, the Ministry of Mineral Resources, Green Technology and Energy Security informed those holding prospecting licenses that they would entertain granting relief from work and expenditure requirements on a case-by-case basis. Applications for relief were filed for the Gcwihaba and Bosoto licenses and on January 8, 2021 the Ministry in accordance with Section 22 of the Mines and Minerals Act, approved the cancellation of one (1) year of prospecting programme of Bosoto Prospecting License numbers PL 369/2014 and PL 217/2016 and Gcwihaba Prospecting Licenses numbers PL 020 - 026/2018 with effect from April 1, 2020.

Exploration and evaluation additions for the period-ended March 31, 2021 are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Idada S. Africa	Gcwihaba Botswana	TOTAL
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals Stones	Precious Metals	Metals	
Drilling Expenditures	\$ 351	\$ 10	\$ 361	\$ 101	\$ --	\$ 1,299	\$1,761
Amortization Drill Rigs, Vehicles & Trucks	--	--	--	--	--	--	--
GIS & Geophysics	1,915	1,915	3,830	1,915	--	1,915	7,660
Lab Analyses & Assays	--	--	--	--	--	--	--
License Fees	23	--	23	--	--	555	578
Office, Maintenance, & Consumables	14,064	10,581	24,645	12,126	--	14,786	51,557
Salaries, Wages & Services	68,601	30,047	68,648	38,597	--	37,984	145,229
<b>Balance at March 31, 2021</b>	<b>\$54,954</b>	<b>\$42,553</b>	<b>\$97,507</b>	<b>\$52,739</b>	<b>\$ --</b>	<b>\$56,538</b>	<b>\$206,784</b>

Exploration and evaluation additions for the period-ended March 31, 2020 are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Idada S. Africa	Gcwihaba Botswana	TOTAL
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals Stones	Precious Metals	Metals	
Drilling Expenditures	\$ 296	\$ --	\$ 296	\$ --	\$ --	\$ --	\$ 296
Amortization Drill Rigs, Vehicles & Trucks	1,164	930	2,094	17,881	--	553	20,528
GIS & Geophysics	--	--	--	--	--	--	--
Lab Analyses & Assays	--	--	--	--	--	--	--
License Fees	--	--	--	--	--	554	554
Office, Maintenance, & Consumables	6,758	279	7,037	--	--	2,120	9,157
Salaries, Wages & Services	27,287	299	27,586	27,894	--	26,345	81,825
<b>Balance at March 31, 2020</b>	<b>\$35,505</b>	<b>\$1,508</b>	<b>\$37,013</b>	<b>\$45,775</b>	<b>\$ --</b>	<b>\$29,572</b>	<b>\$112,360</b>

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company had a negative working capital of \$1,068,310 [2020: (\$1,664,624)], which included cash of \$131,271 (2020: \$5,769). 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 July 23, 2020, the Company reached an agreement with TBM (Pty) Ltd. ("TBM") to grant royalties on its Botswana subsidiary Gcwihaba (Pty) Ltd. ("Gcwihaba") seven (7) metal licenses (base and precious minerals, platinum group metals and rare-earth elements) projects in consideration of the payment of \$500,000 USD.

On July 27, 2020, \$61,864 in notes were paid and retired to an employee and director of the Company.

On October 1, 2020, a promissory note was issued for \$196,053 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

As at March 31, 2021, term notes payable had outstanding balances of \$729,972 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 June 30, 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 that raise a minimum of CAD \$500,000, at the price of those future private placements. \$843,576 of the notes at December 31, 2020 was from related parties (see note 9).

Summary of Notes December 31, 2020 are as follows:

<b>Date</b>	<b>Balance January 1, 2020</b>	<b>Changes in 2020</b>	<b>Balance December 31, 2020</b>	<b>Interest Rate</b>	<b>Termination Fee</b>	<b>Maturity Date</b>
1-Oct-18	20,000	(14,181)	5,819	8%	2,000	30-Sep-20
31-Dec-18	443,343	(96,764)	347,579	8%	44,434	31-Dec-20*
31-Jan-19	85,000	--	85,000	8%	8,500	31-Jan-21
30-June-19	293,687	--	293,687	8%	8,646	31-Dec-20
30-Sept-19	98,146	(61,684)	36,462	8%	3,646	31-Dec-20
31-Dec-19	95,146	--	95,146	8%	3,746	31-Dec-20
01-Oct-20		192,042	192,042	8%	NIL	30-Jun-21
<b>Total</b>	<b>\$1,036,322</b>	<b>\$19,413</b>	<b>\$1,055,735</b>		<b>\$70,972</b>	

\*Subsequent to December 31, 2020, \$237,005 of notes payable had its maturity date extended from December 31, 2020 to December 31, 2021.

- On July 24, 2020, \$61,684 in promissory notes were paid and retired to an employee and director of the Company.
- On October 1, 2020, a promissory note was issued for \$192,042 to an employee, who is a director of the Company.
- On December 31, 2020, \$110,945 in promissory notes were extinguished upon option issuance and retired to an employee and directors of the Company

The notes payable at May 25, 2021 are summarized as follows:

<b>Date</b>	<b>Balance December 31, 2020</b>	<b>Changes in 2021</b>	<b>Balance April 9, 2021</b>	<b>Interest Rate</b>	<b>Termination Fee</b>	<b>Maturity Date</b>
1-Oct-18	5,819	(5,819)	--	8%	--	--
31-Dec-18	347,579	(74,574)	273,005	8%	27,300	30-Dec-21
31-Jan-19	85,000	(85,000)	--	8%	--	--
30-June-19	293,687	(86,446)	207,241	8%	NIL	On Demand
30-Sept-19	36,462	(36,462)	--	8%	--	--
31-Dec-19	95,146	(37,462)	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
<b>Total</b>	<b>\$1,055,735</b>	<b>(\$325,763)</b>	<b>\$729,972</b>		<b>\$27,300</b>	

- On January 5, 2021 \$282,472 were retired via participation in private placement
- On February 10, 2021 \$19,800 in promissory notes paid
- On February 11, 2021 \$23,491 in promissory notes paid

### **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. There are no warrants outstanding in any of the reporting periods. 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 increased to an outlay of (\$176,201) from the quarter-ended March 31, 2021 from an outlay of (\$44,987) for the quarter-ended March 31, 2020. Overall operating expenses slightly increased for the period-ended March 31, 2021 in total expenses by a \$79,672 addition compared to 2020. Several operating expense additions for 2021 were in investor relations increase of \$23,190, administrative expenses increased \$17,725 and stock-based compensation expense increase \$23,587 compared to 2020. The largest impact on Comprehensive loss for the period was foreign exchange translation gain of \$157,008 in 2021, compared to a loss of (\$30,776) in 2020.

Annual Information (in US Dollars)	Period ended March 31 2021	Fiscal Year December 31 2020	Fiscal Year December 31 2019
Net income (loss) for the year	(\$56,792)	(\$654,974)	(\$297,611)
Basic loss per share	(\$0.00)	(\$0.01)	(\$0.01)
Basic diluted loss per share	(\$0.00)	(\$0.01)	(\$0.01)
Total other comprehensive income (loss)	(533,025)	(171,480)	115,543
Total comprehensive income (loss) for the year	(\$589,817)	(\$826,404)	(\$182,068)
Basic comprehensive loss per share	(\$0.00)	(\$0.02)	(\$0.00)
Diluted comprehensive loss per share	(\$0.00)	(\$0.02)	(\$0.00)
Total assets	\$7,431,730	\$7,377,506	\$7,742,854
Total long-term liabilities	\$--	\$--	\$--
Cash dividend	\$--	\$--	\$--

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Fiscal Period ended December 31, 2019</b>				
Net income (loss) for the period	(\$64,605)	(\$65,588)	\$66,043	(\$233,461)
Basic income (loss) per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)
Diluted basic income (loss) per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)
Comprehensive income (loss) for the period	\$35,244	(51,766)	(246,799)	81,253
Basic comprehensive income (loss) for the period	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)
Diluted comprehensive income (loss) per share	(\$0.00)	(\$0.00)	(\$0.01)	\$0.00
Total assets	\$7,370,351	\$7,530,085	\$7,370,436	\$7,742,854
Total long-term liabilities	\$549,343	\$624,107	\$613,337	--

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Fiscal Period ended December 31, 2020</b>				
Net income (loss) for the period	(\$89,776)	(\$124,636)	\$320,401	(\$760,913)
Basic income (loss) per share	(\$0.00)	(\$0.00)	\$0.01	(\$0.02)
Diluted basic income (loss) per share	(\$0.00)	(\$0.00)	\$0.01	(\$0.02)
Comprehensive income (loss) for the period	(\$1,209,629)	(\$145,209)	\$452,654	\$75,780
Basic comprehensive income (loss) for the period	(\$0.03)	(\$0.00)	\$0.01	\$0.00
Diluted comprehensive income (loss) per share	(\$0.03)	(\$0.00)	\$0.01	\$0.00
Total assets	\$6,637,478	\$6,693,750	\$6,982,140	\$7,377,506
Total long-term liabilities	--	--	--	--

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Fiscal Period ended December 31, 2021</b>				
Net income (loss) for the period	(\$56,792)			
Basic income (loss) per share	(\$0.00)			
Diluted basic income (loss) per share	(\$0.00)			
Comprehensive income (loss) for the period	(\$589,817)			
Basic comprehensive income (loss) for the period	(\$0.00)			
Diluted comprehensive income (loss) per share	(\$0.00)			
Total assets	\$7,431,730			
Total long-term liabilities	\$--			

### Investing Activities

Cash flow applied in investing activities DEcreased to \$205,023 for the quarter-ended March 31, 2021 [2020: (\$89,270)].

Total expenditures of \$205,023 on exploration properties for the period-ended March 31, 2021 were attributable to the Gcwihaba, Newdico and Bosoto projects in northwest Botswana and the Idada project in Barberton, South Africa. There were no material expenses or funding of the exploration projects in the period as the Covid-19 pandemic

reduced operation activities.

### **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 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 years from the date of issuance. No private placements took place in 2020 or 2019.

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 July 23, 2020, the Company reached an agreement with TBM (Pty) Ltd. ("TBM") to grant royalties on its Botswana subsidiary Gcwihaba (Pty) Ltd. ("Gcwihaba") seven (7) metal licenses (base and precious minerals, platinum group metals and rare-earth elements) projects in consideration of the payment of \$500,000 USD.

On January 25, 2021, the Company closed the first tranche of a private placement financing (the "Financing") for gross proceeds to the Company of C\$1,343,019. Pursuant to the Financing, the Company issued 2,686,038 units of securities of the Company (the "Units") at a subscription price of C\$0.50 per Unit. Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of USD\$0.55.

On February 10, 2021, the Company closed the second and final tranche of the Financing for gross proceeds to the Company of C\$150,000. Pursuant to the Financing, the Company issued 300,000 units of securities of the Company at a subscription price of C\$0.50 per Unit. Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one common share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of USD\$0.55.

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

On March 4, 2021, the Company's stock began trading on the US OTCQB Venture Market under the symbol "TSDRF".

## **RESULTS OF OPERATIONS**

On a consolidated basis, the Company recorded a comprehensive net loss of \$589,817 for the period-ended March 31, 2021 – (\$0.00) per common share, compared to a comprehensive net loss of \$1,209,629 for the period-ended March 31, 2020 (\$0.02) per common share.

Total capitalized exploration expenditures including amortization of property, plant and equipment used in exploration activities on all projects amounted to net \$6,923,650 as at March 31, 2021 compared to \$6,346,648 as at March 31, 2020. Total capitalized exploration expenditures incurred on the Newdico project as at March 31, 2021 was \$189,696 compared to \$44,996 as at March 31, 2020. Additions of \$152,739 in 2021 were offset by exchange translations in 2021. Total capitalized exploration expenditures incurred on Gcwihaba's projects as at December 31, 2021 were \$2,452,332 compared to \$2,686,867 as at March 31, 2020. Additions of \$56,538 in 2021 were offset by exchange translations in 2021. Total capitalized exploration expenditures incurred on Bosoto's projects as at March 31, 2021 were \$4,278,969 compared to \$3,608,417 as at March 31, 2020. Additions of \$97,507 in 2021 were offset by exchange translations in 2021. Total capitalized exploration expenditures incurred on the Idada's project as at March 31, 2021 was \$7.653 compared to \$6,368 as at March 31, 2020. There were no additions and the difference is exchange translations in 2020. A table is presented in the Exploration and Evaluation Additions section above with specific details.

## **PERSONNEL**

At March 31, 2021, the Company and its subsidiaries employed ten (10) compared to thirteen (13) at March 31, 2020, including senior officers, administrative and operations personnel including those on a short-term service basis.

## **PERIOD-ENDED MARCH 31, 2021**

The period-ended March 31, 2021 was conservative with an operating period challenged by the COVID-19 restrictions and uncertainty. Operating expenses were at normal levels for the period. See COVID-19 discussions below.

## **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.

### **COVID-19 Global pandemic risk**

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. The majority of governments across the jurisdictions in which Tsodilo operates declared a state of emergency in response to the COVID-19 pandemic.

In March 2020, the Company implemented a crisis management strategy in relation to COVID-19, to protect the health and well-being of its employees in Botswana under new measures and guidelines implemented by the Government of Botswana.

Tsodilo's planned work programs for 2020 were largely focused on the further evaluation of its Bosoto BK16 diamond project and further exploration on its Gcwihaba metals project. Given the present uncertainty related to 2021 funding, a review of these programs is being performed to focus on critical-path items through 2021.

Despite the challenges presented by the COVID-19 pandemic, as at March 31, 2021 the evaluation and exploration continue to operate, with social distancing and other critical health and safety measures designed to limit the spread of the virus being observed.

As a relatively novel risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of government and central bank interventions in the jurisdictions in which Tsodilo operates. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business, including the duration and impact that it may have on our ability to raise funds to independently finance continued exploration through joint ventures; providing commercial services to third parties; the sale or lease of equipment; or, the sale of a partial interest in a project cannot be reasonably estimated at this time. Accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

#### **Covid-19 Pandemic Relief**

In the first Quarter of 2020, the Company initiated efforts to get Covid-19 relief from expenditure and work requirements on our prospecting licenses due to the exceptional and debilitating global effects of the Covid-19 pandemic. In June 2020, the Ministry of Mineral Resources, Green Technology and Energy Security informed those holding prospecting licenses that they would entertain granting relief from work and expenditure requirements on a case-by-case basis. Applications for relief were filed for the Gcwihaba and Bosoto licenses and on January 8, 2021 the Ministry in accordance with Section 22 of the Mines and Minerals Act, approved the cancellation of one (1) year of prospecting programme of Bosoto Prospecting License Nos. PL 369/2014 and PL 217/2016 and Gcwihaba Prospecting Licenses Nos. PL 020 - 026/2018 with effect from April 1, 2020.

#### **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 \$56,792 and comprehensive loss of \$589,817 during the period ended March 31, 2021 and as of that date, the Company had an accumulated deficit of \$49,897,1520 and negative working capital of (\$1,068,310). 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 December 31, 2020. 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.

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 June vary, depending on mineral prices. Any material changes in the quantity of resources, grades or stripping ratio June 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 June 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 June 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 June 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 June 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 June result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses June 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, Amendments and Interpretations Not Yet Effective**

Certain pronouncements were issued by the ISAB or the IFRS Interpretive Committee that are mandatory for accounting periods beginning January 1, 2021 or later periods. These standards are not expected to have a material impact on the Company.

**Classification of Liabilities as Current or Non-current (Amendment to IAS 1)**

The amendment to IAS 1 provide a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. These amendments are effective for the reporting dates beginning on or after January 1, 2023.

## RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company

	<b>2021</b>	2020
Short term employee remuneration and benefits	\$69,893	\$62,501
Stock based compensation	<u>28,152</u>	<u>12,807</u>
Other Long Term Benefits*	<u>--</u>	<u>145,290</u>
Total compensation attributed to key management personnel	<u>\$98,045</u>	<u>\$220,598</u>

During the period an individual related to the CEO provided administrative and management services to the Company and was remunerated in 2021 in the amount of \$12,000 (2020: \$12,000).

During the period, individuals related to key management personnel of the company received \$3,075 in stock based compensation during the period (2020: \$791).

Board members were issued notes in the amount of \$nil (2020: \$nil).

As at March 31, 2021, there was a total of \$91,931 (2020: \$64,359) payables to related parties included within accounts payable and accrued liabilities.

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](http://www.TsodiloResources.com)** or through SEDAR at **[www.sedar.com](http://www.sedar.com)**

## FORWARD-LOOKING STATEMENTS

The Annual 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.

"s"

James M. Bruchs  
Chairman and Chief Executive Officer

"s"

Gary A. Bojes  
Chief Financial Officer



# **TSODILO RESOURCES LIMITED**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021**

**Unaudited – Prepared by Management**

**These Condensed 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 condensed interim consolidated financial statements have been authorized for release by the Company’s Board of Directors on May 25, 2021.**

### ***CONTENTS:***

Condensed Interim:  
Statement of Financial Position  
Statement of Operations  
Statements of Shareholders’ Equity  
Statement of Cash Flows

# Financial Reporting Responsibility of Management

## Management's Responsibility for Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company, in accordance with the accounting policies disclosed in the notes to the unaudited 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. These statements follow the same accounting policies and methods of application as the most recent annual audited financial statements. Accordingly, they should be read in conjunction with the most recent annual audited financial statements of the Company. All amounts are expressed in U.S. dollars unless otherwise indicated.

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 25<sup>th</sup> day of May, 2021.

TSODILO RESOURCES LIMITED

"s"

James M. Bruchs  
Chairman and Chief Executive Officer

"s"

Gary A. Bojes  
Chief Financial Officer

**Tsodilo Resources Limited****Condensed Interim Consolidated Statements of Financial Position**

(In United States dollars)

	<b>March 31 2021</b>	March 31 2020	December 31 2020
<b>ASSETS</b>			
<b>Current</b>			
Cash	<b>\$131,271</b>	\$ 5,769	\$ 5,620
Accounts receivable and prepaid expenses	<b>110,641</b>	23,223	60,473
<b>Total Current Assets</b>	<b>241,912</b>	28,992	66,093
Exploration and Evaluation Assets (note 3)	<b>6,928,650</b>	6,346,648	7,063,327
Property, Plant and Equipment (note 4)	<b>261,168</b>	261,838	248,086
<b>Total Assets</b>	<b>\$7,431,730</b>	\$6,637,478	\$ 7,377,506
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities (note 9)	<b>\$ 580,247</b>	\$ 657,295	\$ 821,774
Notes payable (note 5)	<b>729,974</b>	1,036,322	1,055,735
<b>Total Current Liabilities</b>	<b>1,310,221</b>	1,693,617	1,877,509
<b>Total Liabilities</b>	<b>1,310,221</b>	1,693,617	1,877,509
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (note 6a)	<b>50,692,086</b>	49,281,890	49,518,357
Contributed surplus (note 6c)	<b>11,677,037</b>	11,702,993	11,639,437
Foreign currency translation reserve	<b>(6,356,462)</b>	(6,771,810)	(5,823,437)
Deficit	<b>(49,891,152)</b>	(49,269,212)	(49,834,360)
<b>Total Equity</b>	<b>6,121,509</b>	4,943,861	5,499,997
<b>Total Liabilities and Equity</b>	<b>\$7,431,730</b>	\$6,637,478	\$ 7,377,506

**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, Audit CommitteeJames M. Bruchs  
Chairman & CEO

**Tsodilo Resources Limited**  
**Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)**

(In United States dollars)

Periods Ended March 31

	2020	2020
<b>Administrative Expenses</b>		
Corporate remuneration	\$ 115,077	\$ 107,108
Corporate travel and subsistence	--	--
Investor relations	24,440	1,250
Legal and audit	264	404
Filings and regulatory fees	8,085	744
Administrative expenses	28,335	10,610
Amortization	--	--
Stock-based compensation (note 6c)	37,600	14,013
	<b>213,801</b>	<b>134,129</b>
<b>Other Income (Expense)</b>		
Other services income, net of cost	--	75,129
Interest income	1	--
Realized gain on disposal of property, plant and equipment	--	--
Gain on debt settlement	--	--
Foreign exchange gain (loss)	157,008	(30,776)
	<b>157,009</b>	<b>44,354</b>
<b>Loss for period</b>	<b>(56,792)</b>	<b>(89,776)</b>
<b>Other Comprehensive Gain/(Loss)</b>		
Foreign currency translation	(533,025)	(1,119,853)
<b>Total Other Comprehensive Gain/(Loss)</b>	<b>(533,025)</b>	<b>(1,119,853)</b>
<b>Total Comprehensive Income (Loss) for the period</b>	<b>\$ (589,817)</b>	<b>\$ (1,209,629)</b>
Basic and diluted loss per share (note 8)	<b>(\$0.00)</b>	<b>(\$0.02)</b>

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			
<b>Balance January 1, 2021</b>	<b>46,166,060</b>	<b>\$49,518,357</b>	<b>\$11,639,437</b>	<b>(\$5,823,437)</b>	<b>(\$49,834,360)</b>	<b>\$5,499,997</b>
Units Issued	2,986,038	1,173,729	--	--	--	1,173,729
Stock Based Compensation	--	--	37,600	--	--	37,600
Comprehensive loss	--	--	--	(533,025)	(56,792)	(589,817)
<b>Balance March 31, 2021</b>	<b>49,152,098</b>	<b>\$50,692,086</b>	<b>\$11,677,037</b>	<b>(\$6,356,462)</b>	<b>(\$49,891,152)</b>	<b>\$6,121,509</b>

*See accompanying notes to the condensed interim consolidated financial statements*

	Share Capital		Contributed Surplus	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount				
			Stock-based compensation & Other			
<b>Balance January 1, 2020</b>	<b>45,347,310</b>	<b>\$49,281,890</b>	<b>\$11,689,724</b>	<b>(\$5,651,957)</b>	<b>(\$49,179,436)</b>	<b>\$6,140,221</b>
Stock Based Compensation	--	--	13,269	--	--	13,269
Comprehensive (loss) income	--	--	--	(1,119,853)	(89,776)	(1,209,629)
<b>Balance March 31, 2020</b>	<b>45,347,310</b>	<b>\$49,281,890</b>	<b>\$11,702,993</b>	<b>(\$6,771,810)</b>	<b>(\$49,269,212)</b>	<b>\$4,943,861</b>

*See accompanying notes to the condensed interim consolidated financial statements.*



**Tsodilo Resources Limited****Condensed Interim Consolidated Statements of Cash Flows**

(In United States dollars)

	<b>Periods Ended March 31</b>	
	<b>2020</b>	<b>2020</b>
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net Loss for the period	<b>(\$56,792)</b>	\$(89,776)
Adjustments for non-cash items:		
Gain on disposal of equipment	--	--
Gain on debt settlement	--	--
Amortization	--	--
Foreign exchange loss (gain)	<b>(157,008)</b>	30,776
Stock-based compensation	<b>37,600</b>	14,013
	<b>(176,201)</b>	(44,987)
Net change in non-cash working capital balances <i>(note 13)</i>	<b>(291,693)</b>	100,354
	<b>(467,894)</b>	55,367
<b>Investing Activities</b>		
Additions to exploration properties	<b>(205,023)</b>	(89,270)
Proceeds from sale of royalty	--	--
Proceeds on disposal of equipment	--	--
	<b>(205,023)</b>	(89,270)
<b>Financing Activities</b>		
Payment of notes payable	<b>(325,761)</b>	--
Issuance of common shares and warrants	<b>1,173,723</b>	--
	<b>847,962</b>	--
Impact of exchange on cash	<b>(49,395)</b>	34,073
<b>Change in cash - for the period</b>	<b>125,650</b>	170
<b>Cash - beginning of period</b>	<b>5,620</b>	5,599
<b>Cash - end of period</b>	<b>\$ 131,270</b>	<b>\$ 5,769</b>

*See accompanying notes to the condensed interim consolidated financial statements.*

**Tsodilo Resources Limited**  
**Notes to the Condensed Interim Consolidated Financial Statements**

For the periods ended March 31, 2021 and 2020  
(All amounts are in U.S. dollars unless otherwise noted)

**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 the 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 \$56,792 and comprehensive loss of \$589,817 during the period ended March 31, 2021 and as of that date, the Company had an accumulated deficit of \$49,891,152 and negative working capital of (\$1,068,310). The Company has not generated any 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.

**COVID-19 Global pandemic risk**

On March 11, 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic. The majority of governments across the jurisdictions in which Tsodilo operates declared a state of emergency in response to the COVID-19 pandemic. As a relatively novel risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of government and central bank interventions in the jurisdictions in which Tsodilo operates. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business, including the duration and impact that it may have on our ability to raise funds to independently finance continued exploration through joint ventures; providing commercial services to third parties; the sale or lease of equipment; or, the sale of a partial interest in a project cannot be reasonably estimated at this time. Accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company’s operations, financial results and condition in future periods are also subject to significant uncertainty.

**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 April 12, 2021.

**(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:

<b>Entity</b>	<b>2021</b>	<b>2020</b>
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 policies 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 stock-based compensation expense. The amounts estimated for stock based compensation is calculated using the Black-Scholes Option Pricing model, which requires significant estimates with respect to the expected life and volatility of such instruments.

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, potential tax exposures given the company operates in multiple jurisdictions, and the going concern assumptions. 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) Earnings (Loss) per Common Share**

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

Diluted earnings per share calculations are based on the net income (loss) attributable to common shareholders for the year divided by the weighted average number of common shares outstanding during the year 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 year (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 year. The incremental number of common shares that would be issued is included in the calculation of diluted earnings per share.

**(e) Exploration and Evaluation Assets**

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.

Proceeds received from farm-out agreements or recoveries of costs are credited against the cost of related claims.

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.

Management periodically reviews the carrying values of its investments in exploration and evaluation assets and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. A decision to abandon, reduce or expand activity on a specific property is based upon many factors including general and specific assessments of mineral resources, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and the availability of financing. The Company does not set a pre-determined holding period for properties with unproven resources. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

**(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
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 into functional currency 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 presentation 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 income (loss) and accumulated in the foreign currency translation reserve.

If 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 income (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 liability 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) Severance Benefits**

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) Financial Assets**

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) Financial Liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or at amortized cost. Financial liabilities classified as at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, at amortized cost 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 and accrued liabilities, and notes payable are classified as at amortized cost. 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) Impairment of Assets**

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. Exploration and evaluation assets are excluded from the fair value impairment test.

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 2020 and 2019.

**(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) Share Capital**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date, the amount previously recognized in equity is transferred from reserves to deficit. In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

**(q) Provision for Environmental Rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets

along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. As at March 31, 2021 and 2020, the Company has determined that it does not have any decommissioning obligations.

**(r) New Standards, Amendments and Interpretations Not Yet Effective**

Certain pronouncements were issued by the ISAB or the IFRS Interpretive Committee that are mandatory for accounting periods beginning January 1, 2021 or later periods. These standards are not expected to have a material impact on the Company.

**Classification of Liabilities as Current or Non-current (Amendment to IAS 1)**

The amendment to IAS 1 provides a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. These amendments are effective for the reporting dates beginning on or after January 1, 2023.

**3. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation assets are summarized as follows

	Bosoto Botswana			Newdico Botswana	Idada S. Africa	Gcwihaba Botswana	TOTAL
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals Stones	Precious Metals	Metals	
<b>Balance at December 31, 2019</b>	<b>\$3,731,339</b>	<b>\$664,114</b>	<b>\$4,395,453</b>	<b>\$ --</b>	<b>\$8,122</b>	<b>\$2,988,189</b>	<b>\$7,391,764</b>
Additions	125,174	24,915	150,089	133,875	--	61,510	345,474
Net Exchange Differences	(96,594)	(17,258)	(113,852)	7,816	(330)	(67,545)	(173,911)
Subtotal	3,759,919	671,771	4,431,690	141,691	7,792	2,982,154	7,563,327
Royalty contribution/reduction In exploration cost						(500,000)	
<b>Balance at December 31, 2020</b>	<b>3,759,919</b>	<b>671,771</b>	<b>4,431,690</b>	<b>141,691</b>	<b>7,792</b>	<b>2,482,154</b>	<b>7,063,327</b>
Additions	54,954	42,553	97,507	52,739	--	56,538	206,784
Net Exchange Differences	(210,763)	(39,465)	(250,228)	(4,734)	(139)	(86,360)	(341,461)
<b>Balance at March 31, 2020</b>	<b>\$3,604,110</b>	<b>\$674,859</b>	<b>\$4,278,969</b>	<b>\$189,696</b>	<b>\$7,653</b>	<b>\$2,452,332</b>	<b>\$6,928,650</b>

Exploration and evaluation additions for the period-ended March 31, 2021 are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Idada S. Africa	Gcwihaba Botswana	TOTAL
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals Stones	Precious Metals	Metals	
Drilling Expenditures	\$ 351	\$ 10	\$ 361	\$ 101	\$ --	\$ 1,298	\$1,760
Amortization Drill Rigs, Vehicles & Trucks	--	--	--	--	--	--	--
GIS & Geophysics	1,915	1,915	3,830	1,915	--	1,915	7,660
Lab Analyses & Assays	--	--	--	--	--	--	--
License Fees	23	--	23	--	--	555	578
Office, Maintenance, & Consumables	14,064	10,581	24,645	12,126	--	14,786	51,557
Salaries, Wages & Services	68,601	30,047	68,648	38,597	--	37,984	145,229
<b>Balance at March 31, 2021</b>	<b>\$54,954</b>	<b>\$42,553</b>	<b>\$97,507</b>	<b>\$52,739</b>	<b>\$ --</b>	<b>\$56,538</b>	<b>\$206,784</b>

Exploration and evaluation additions for the period ended March 31, 2020 are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Idada S. Africa	Gcwihaba Botswana	TOTAL
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals Stones	Precious Metals	Metals	
Drilling Expenditures	\$ 296	\$ --	\$ 296	\$ --	\$ --	\$ --	\$ 296
Amortization Drill Rigs, Vehicles & Trucks	1,164	930	2,094	17,881	--	553	20,528
GIS & Geophysics	--	--	--	--	--	--	--
Lab Analyses & Assays	--	--	--	--	--	--	--
License Fees	--	--	--	--	--	554	554
Office, Maintenance, & Consumables	6,758	279	7,037	--	--	2,120	9,157
Salaries, Wages & Services	27,287	299	27,586	27,894	--	26,345	81,825
<b>Balance at March 31, 2020</b>	<b>\$35,505</b>	<b>\$1,508</b>	<b>\$37,013</b>	<b>\$45,775</b>	<b>\$ --</b>	<b>\$29,572</b>	<b>\$112,360</b>

#### 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 third Quarter 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% Net Smelter Return (NSR) on the Company's wholly owned Botswana subsidiary Gcwihaba Resources (Pty) Ltd. prospecting metal licenses in northwest Botswana;
- ◇ the grant of a 1% Gross Proceeds Royalty (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.

On July 23, 2020, the Company reached an agreement with TBM (Pty) Ltd. ("TBM") to grant royalties (Royalty income) on its Botswana subsidiary Gcwihaba (Pty) Ltd. ("Gcwihaba") seven (7) metal prospecting licenses in consideration of the payment of \$500,000 USD.

The package of assets in the Royalty Sale includes:

- ◇ the grant of a 0.5% Net Smelter Return or Net Mineral Return on Gcwihaba's seven (7) prospecting metal licenses in northwest Botswana.

### **Gcwihaba Resources (Pty) 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 then 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 meetings were held with the Department of Mines ("DOM") 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 October 1, 2018. These new licenses have an initial grant term of three (3) years 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. The licenses cover 4,920.50 square kilometers and collectively have a proposed minimum spending commitment of BWP 1,753,815 (\$159,907 USD as at March 31, 2021) if held to their full initial term.

### **Bosoto (Pty) Ltd ("Bosoto") - Botswana**

Tsodilo was granted a prospecting license (PL369/2014) over the BK16 kimberlite pipe through its 100% owned Botswana subsidiary, Bosoto, effective October 1, 2014. The prospecting license was renewed for an additional two-year period commencing October 1, 2017 and a second two-year renewal application was granted

effective October 1, 2019.

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's current prospecting license extends to September 30, 2021.

The Company estimated that it would take approximately BWP 42,002,000 (\$3,647,250 USD as at March 31, 2021) 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 Feasibility Study (FS). 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.

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 license.

PL 217/2016 was acquired in the second quarter of 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 first renewal was granted on the June 29, 2020 with a commencement date of July 1, 2020 for a period of two years. The license currently covers an area of 292 square kilometers and has a minimum exploration expenditure requirement of 1,002,920 BWP (\$91,443 USD as at March 31, 2021).

#### **Newdico (Pty) Ltd ("Newdico") - Botswana**

The Company holds a 100% interest in Newdico, which holds one (1) industrial minerals prospecting license PL091/2019, effective January 1, 2020. The license comprises 580 square kilometers and has a proposed minimum spending commitment of BWP 131,330 (\$12,111 USD as at March 31, 2021).

Newdico also provides administrative, operational, exploration, geophysical and drilling services to the Company's other subsidiaries.

#### **Idada Trading 361 (Pty) Ltd ("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. 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 was been granted for a term of five years effective as of May 2015.

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

During the third quarter 2019, the Company was informed that certain portions of our license areas were designated as a World Heritage site by UNESCO. UNESCO has informed the Company that in accordance with the Operational Guidelines for the Implementation of the World Heritage Convention, UNESCO is investigating the situation that the Company brought to their attention. UNESCO has informed the Company that according to IUCN, the Advisory Body to the intergovernmental World Heritage Committee concerning nominations of natural heritage sites on the World Heritage List, the overlapping prospecting license on the western portion of the property or of the presence of Tsodilo Resources Ltd was not brought to the attention of IUCN during the evaluation process. The documentation related to the evaluation and inscription of the site on the World Heritage List from UNESCO's website at: <http://whc.unesco.org/en/list/1575/documents>.

As the responsibility for nominating sites to the World Heritage List and the management and protection of the World Heritage properties inscribed is under the authority of the State Party of South Africa, UNESCO advised the Company that they would be contacting the appropriate South African office for clarification. To date, it is the Company's understanding, that neither the Department of Mineral Affairs (DMA) nor the Department of Environmental Affairs has responded to UNESCO's inquiry. In addition to UNESCO's inquiries, the Company also contacted the DMA for guidance and received a response, but before the issue could be dealt with the South African government was shut down due to the COVID-19 virus. The Company will continue our efforts to engage the DMA once the government resumes its activities on a full-time basis. In the interim, the Company has filed a renewal application to protect our license rights.

The Company has made repeated requests during the first and second quarters for an update on the licensing issue to our Black Empowerment Partner, Idada, through its representative, Siphon W. Mofokeng. To date, Mr. Mofokeng has acknowledged receipt of our communications but has failed to respond.

The license comprises 9,033 hectares and all expenditures have been curtailed until such time as access to the license area is provided.

#### **Covid-19 Pandemic Relief**

In the first Quarter of 2020, the Company initiated efforts to get Covid-19 relief from expenditure and work requirements on our prospecting licenses due to the exceptional and debilitating global effects of the Covid-19 pandemic. In April 2020, the Ministry of Mineral Resources, Green Technology and Energy Security informed those holding prospecting licenses that they would entertain granting relief from work and expenditure requirements on a case-by-case basis. Applications for relief were filed for the Gcwihaba and Bosoto licenses and on January 8, 2021 the Ministry in accordance with Section 22 of the Mines and Minerals Act, approved the cancellation of one (1) year of prospecting programme of Bosoto Prospecting License No. PL 369/2014 and PL 217/2016 and Gcwihaba Prospecting Licenses Nos. PL 020 – 026/2018, with effect from April 1, 2020.

#### 4. PROPERTY, PLANT, AND EQUIPMENT

<b>Cost</b>	<b>Hangar</b>	<b>Vehicles</b>	<b>Furniture and Equipment</b>	<b>Land</b>	<b>Total</b>
As at December 31, 2019	\$185,680	\$ 977,992	\$ 446,842	\$--	\$ 1,610,514
Disposals		(153,161)	--	--	(153,161)
Net Exchange Difference	(2,540)	(22,318)	(5,874)	--	(30,732)
As at December 31, 2020	\$183,140	\$ 802,513	\$ 440,968	\$--	\$ 1,426,621
	<b>Hangar</b>	<b>Vehicles</b>	<b>Furniture and Equipment</b>	<b>Land</b>	<b>Total</b>
As at December 31, 2020	\$183,140	\$ 802,513	\$ 440,968	\$ --	\$1,426,621
Additions	--	--	--	19,859	19,859
Disposals	--	--	--	--	--
Net Exchange Difference	(5,200)	(22,786)	(12,027)	--	(40,013)
As at March 31, 2021	\$177,940	\$779,727	\$428,941	\$19,859	\$1,406,467
	<b>Hangar</b>	<b>Vehicles</b>	<b>Furniture and Equipment</b>	<b>Land</b>	<b>Total</b>
<b>Accumulated Depreciation</b>					
As at December 31, 2019	\$61,326	\$955,944	\$280,347	\$--	\$1,297,617
Depreciation	18,964	(9,375)	47,343	--	56,932
Disposals	--	(153,161)	--	--	(153,161)
Net Exchange Difference	1,053	(3,943)	(19,963)	--	(22,853)
As at December 31, 2020	\$81,343	\$789,465	\$307,727	\$--	\$1,178,535
	<b>Hangar</b>	<b>Vehicles</b>	<b>Furniture and Equipment</b>	<b>Land</b>	<b>Total</b>
As at December 31, 2019	\$81,343	\$789,465	\$307,727	\$--	\$1,178,535
Depreciation	--	--	--	--	--
Disposals	--	--	--	--	--
Net Exchange Difference	(2,983)	(22,415)	(7,838)	--	(33,236)
As at December 31, 2020	\$78,360	\$767,050	\$299,889	\$--	\$1,145,299
<b>Net book value</b>					
As at December 31, 2020	\$101,797	\$13,048	\$133,241	\$--	\$248,086
<b>As at March 31, 2021</b>	<b>\$99,580</b>	<b>\$12,677</b>	<b>\$129,052</b>	<b>\$19,859</b>	<b>\$261,168</b>

For the period ended March 31, 2021, \$NIL (2020: \$21,703) amount of amortization has been capitalized under exploration properties.

#### 5. NOTES PAYABLE

As at March 31, 2021, term notes payable in the amount of \$729,972 were outstanding 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 31, 2020 and June 30, 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 December 2018 note can be converted to stock during future private placements that raise a minimum of CAD \$500,000, of those future private placements (see note 9).

The notes payable at March 31, 2021 are summarized as follows:

Date	Balance December 31, 2020	Changes in 2021	Balance March 31, 2021	Interest Rate	Termination Fee	Maturity Date
1-Oct-18	5,819	(5,819)	--	8%	--	--
31-Dec-18	347,579	(74,574)	273,005	8%	27,300	30-Dec-21
31-Jan-19	85,000	(85,000)	--	8%	--	--
30-June-19	293,687	(86,446)	207,241	8%	NIL	On Demand
30-Sept-19	36,462	(36,462)	--	8%	--	--
31-Dec-19	95,146	(37,462)	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
<b>Total</b>	<b>\$1,055,735</b>	<b>(\$325,763)</b>	<b>\$729,972</b>		<b>\$27,300</b>	

- On January 5, 2021 \$282,472 were retired vis-à-vis private placement participation
- On February 10, 2021 \$19,800 in promissory notes paid
- On February 11, 2021 \$23,491 in promissory notes paid

The notes payable at December 31, 2020 are summarized as follows:

Date	Balance January 1, 2020	Changes in 2020	Balance December 31, 2020	Interest Rate	Termination Fee	Maturity Date
01-Oct-18	\$ 20,000	(\$14,181)	\$5,819	8%	\$ 2,000	30-Sep-20
31-Dec-18	444,343	(96,764)	347,579	8%	44,434	31-Dec-20*
31-Jan-19	85,000	--	85,000	8%	8,500	31-Jan-21
30-Jun-19	293,687		293,687	8%	8,646	31-Dec-20
30-Sep-19	98,146	(61,684)	36,462	8%	3,646	31-Dec-20
31-Dec-19	95,146		95,146	8%	3,746	31-Dec-20
01-Oct-20		192,042	192,042	8%		30-June-21
	\$1,036,322	\$19,413	\$1,055,735		\$70,972	

\*Subsequent to December 31, 2020, \$273,005 of notes payable had its maturity extended from December 31, 2020 to December 31, 2021.

- On October 1, 2020, promissory note was issued for \$192,042 to an employee, who is a director of the Company. The notes are payable on demand and have an annual interest rate of 8%.
- On July 24, 2020, \$61,684 in promissory notes were paid and retired to an employee and director of the Company.
- On December 31, 2020, \$110,945 in promissory notes were retired.

## 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: 46,166,060 Common Shares as at December 31, 2020 (December 31, 2019, 45,347,310):



On March 4, 2021, the Company's stock began trading on the US OTCQB Venture Market under the symbol "TSDRF"; the Company continues to trade on the Canadian Toronto Stock Exchange Venture Exchange ("TSX Venture") under the symbol "TSD.V."

**1) Issued during the period-ended March 31, 2021:**

- On January 25, 2021, 2,686,038 Units were issued at a price of C\$0.50 for proceeds to the Company of \$1,055,780 (C\$1,343,019). Each unit includes one common share and one warrant entitling the holder thereof to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of USD \$0.55. A still to be negotiated minor amount (C\$14,022) of issuance costs will be netted against the proceeds next quarter.
- On February 10, 2021, 300,000 units were issued at a price of C\$0.50 for proceeds to the Company of \$117,949 (C\$150,000). Each unit includes one common share and one warrant entitling the holder thereof to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of USD \$0.55. A still to be negotiated minor amount (C\$4,860) of issuance costs will be netted against the proceeds next quarter.

**2) Issued during the year-ended December 31, 2020:**

- On December 31, 2020, 818,750 options were exercised for proceeds of \$141,763 (C\$181,188). The fair value of \$94,704 were reclassified from contributed surplus to share capital:
- 87,500 shares at a price of C\$0.07 for proceeds to the Company of \$4,792 (C\$6,125). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$3,142.
- 56,250 shares at a price of C\$0.09 for proceeds to the Company of \$3,961 (C\$5,063). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$2,460.
- 450,000 shares at a price of C\$0.17 for proceeds to the Company of \$59,854 (C\$76,500). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$39,959.
- 150,000 shares at a price of C\$0.28 for proceeds to the Company of \$32,861 (C\$42,000). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$21,698.
- 25,000 shares at a price of C\$0.65 for proceeds to the Company of \$12,713 (C\$16,250). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$9,193.
- 25,000 shares at a price of C\$0.69 for proceeds to the Company of \$13,496 (C\$17,250). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$9,193.
- 25,000 shares at a price of C\$0.72 for proceeds to the Company of \$14,083 (C\$18,000). The fair value associated with the exercised options that were reclassified from contributed surplus to share capital was \$9,193.

The weighted average trading price on date of option exercise was C\$0.47.

**(b) Warrants**

As at March 31, 2021, the following warrants were outstanding:

**Number of Warrants - Units**

Expiry	Exercise Price (USD)	December 31, 2020	Issued	Exercised	Expired	March 31, 2021
January 25, 2023	\$0.55	--	2,686,038	--	--	2,686,038
February 10, 2023	\$0.55	--	300,000	--	--	300,000
		--	2,986,038	--	--	2,986,038

On January 25, 2021, the Company issued 2,686,038 warrants with an exercise price of \$0.55, expiring on January 25, 2023. 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 February 10, 2023, the Company issued 300,000 warrants with an exercise price of \$0.55, expiring on February 10, 2023. 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.

### (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 exercised will result in equity contributions.

The following Table summarizes the Company's stock option activity for the periods ended March 31, 2020 and March 31, 2021:

	Number of Options	Weighted Average Exercise Price
Outstanding as at December 31, 2019	3,375,000	C\$0.56
Granted	700,000	C\$0.08
Forfeited	(50,000)	C\$0.55
Exercised	(818,750)	C\$0.22
Expired	(500,000)	C\$0.89
Outstanding as at December 31, 2020	2,706,250	C\$0.48
Granted	275,000	C\$0.47
Expired	(175,000)	C\$0.72
Outstanding as at March 31, 2021	2,806,250	C\$0.46

#### 2021

- ◇ On January 4, 2021, 175,000 stock options exercisable at C\$0.72 expired.
- ◇ On January 1, 2021, the Company issued 275,000 options at C\$0.47 pursuant to its SOP.

#### 2020

- ◇ On January 2, 2020, 200,000 stock options exercisable at C\$1.05 expired.
- ◇ On January 2, 2020, the Company issued 275,000 options at C\$0.07 pursuant to its SOP.
- ◇ On March 27, 2020, 200,000 stock options exercisable at C\$0.83 expired.
- ◇ On April 30, 2020, 50,000 stock options exercisable at C\$0.55 were forfeited.
- ◇ On September 1, 2020, 100,000 stock options exercisable at C\$0.70 expired.
- ◇ On September 21, 2020, the Company issued 425,000 options at C\$0.09 pursuant to its SOP.
- ◇ On December 31, 2020, 818,750 options were exercised [See footnote 6 (1) above].

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, 2021 and 2020:

	2021	2020
Expected lives	<b>3.97 years</b>	4.04 years
Expected volatilities (based on Company's historical prices)	<b>103.6%</b>	91.77%
Expected dividend yield	<b>0%</b>	0%
Risk free rates	<b>0.26%</b>	1.63%
Weighted average fair value of option	<b>\$0.32</b>	\$0.05

The following table summarizes stock options outstanding as at March 31, 2021:

Options Outstanding				Options Exercisable		
Exercise Price (C\$)	Number of Outstanding Options	Weighted Average Exercise Prices (C\$)	Weighted Average Remaining Contractual Life (Years)	Number of Exercisable Options	Weighted Average Exercise Prices (C\$)	Weighted Average Remaining Contractual Life (Years)
C\$0.79	250,000	C\$0.79	0.02	250,000	C\$0.79	0.02
C\$0.69	175,000	C\$0.69	0.76	175,000	C\$0.69	0.76
C\$0.85	400,000	C\$0.85	1.01	400,000	C\$0.85	1.01
C\$0.65	175,000	C\$0.65	1.76	175,000	C\$0.65	1.76
C\$0.55	450,000	C\$0.55	1.98	450,000	C\$0.55	1.98
C\$0.28	50,000	C\$0.28	2.76	50,000	C\$0.28	2.76
C\$0.17	475,000	C\$0.17	3.18	475,000	C\$0.17	3.18
C\$0.07	187,500	C\$0.07	3.76	118,750	C\$0.07	3.76
C\$0.09	368,750	C\$0.09	4.48	156,250	C\$0.09	4.48
C\$0.47	275,000	C\$0.47	4.76	68,750	C0.47	4.76
	2,806,250	C\$0.46	2.51	2,318,750	C\$0.50	2.10

## 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 2020 of approximately 27% (2019: 27%) to loss before income taxes as follows:

	<b>December 31, 2020</b>	December 31, 2019
Loss for the year	<b>(\$654,924)</b>	(\$297,611)
Income tax rate	<b>27.00%</b>	27.00%
Expected income tax recovery	(\$176,829)	(\$80,355)
Foreign operation taxed at lower rates	(2,911)	(26,794)
Change in tax rate	--	(33,130)
Permanent differences	11,351	56,427
Change in benefits not recognized	168,389	29,089
Changes in estimate and foreign exchange	--	54,763
Provision for income taxes	<b>\$ --</b>	<b>\$ --</b>

As of December 31, 2020 the following deferred tax assets and liabilities have been recognized:

	<b>December 31, 2020</b>	December 31, 2019
Property, Plant and Equipment	<b>(\$41,000)</b>	(\$50,000)
Exploration & Evaluation Assets	<b>(2,554,000)</b>	(2,410,000)
Deferred tax liabilities	<b>(2,595,000)</b>	(2,460,000)
Tax losses carried forward	<b>2,595,000</b>	2,460,000
Net deferred income tax asset recorded	<b>\$--</b>	<b>\$--</b>

As at December 31, 2020 the Company has unrecognized deductible temporary differences aggregating to \$12,345,000 (2019: \$13,139,000), 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.

	<b>December 31, 2020</b>	December 31, 2019
Losses carried forward - Botswana	<b>\$ 4,500,000</b>	\$5,873,000
Losses carried forward - Canada	<b>7,458,000</b>	6,905,000
Other	<b>387,000</b>	361,000
	<b>\$12,345,000</b>	13,139,000

The Canadian tax losses of \$7,458,000 (2019: \$6,905,000) expire from 2025 through to 2040. The majority of Botswana tax losses can be carried forward indefinitely with the remainder expiring within five years.

	<b>December 31, 2020</b>	December 31, 2019
Total assessable tax losses relating to the activity in Botswana	<b>\$16,667,000</b>	\$17,068,000

## 8. LOSS PER SHARE

Net loss per share was calculated based on the following:

Period ended March 31	2021	2020
Net loss for the period	<b>(\$56,792)</b>	(\$89,776)
Effect of Dilutive Securities		
Stock options and warrants	--	--
Diluted net earnings (loss) for the period	<b>(\$56,792)</b>	(89,776)

The diluted loss per share is the same as the basic loss per share for the period ended March 31, 2021 and 2020 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 49,152,098 (2019: 45,347,310) see note 6 above.

## 9. RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company

	2021	2020
Short term employee remuneration and benefits	\$69,893	\$62,501
Stock based compensation	28,152	12,807
Other Long Term Benefits*		145,290
Total compensation attributed to key management personnel	<b>\$98,045</b>	<b>\$220,598</b>

During the quarter an individual related to the CEO provided administrative and management services to the Company and was remunerated in 2020 in the amount of \$12,000 (2020: \$12,000).

During the quarter, individuals related to key management personnel of the Company received \$3,075 in stock based compensation during the period (2020: \$791).

Board members were issued notes in the amount of \$nil (2020: \$nil).

As at March 31, 2021, there was a total of \$91,931 (2020: \$64,359) payables to related parties included within accounts payable and accrued liabilities.

There are no other related party transactions.

## 10. SEGMENTED INFORMATION

The Company is operating in one industry. As at March 31, 2021 the Company's property, plant and equipment in Botswana was \$261,168 (2020: \$261,832). 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 \$6,920,997 (2020: \$6,340,280) and South Africa were \$7,653 (2020: \$6,368).

## **11. FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and 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.

### **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 2019. See note 3 for a description of royalty interests sold which provided \$500,000 in cash to be used in further exploration and evaluation.

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.

There has been no change in the Company's approach to capital management during 2020. The Company is not subject to externally imposed capital requirements.

#### **(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 has a working capital deficiency of \$1,068,310 at March 31, 2021.

**(c) Credit Risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its 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 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, 2021, a ten percentage change in the exchange rate would result in a \$34,644 (2020: \$82,536) 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 & Service Commitments

Currently, the aggregate minimum payments are as follows:

Year	Facility	Term	BWP			USD*
			Yearly Rental	Services	Total	
2021	Hangar Maun <sup>1</sup>	2/01/2016 – 12/31/2026	141,056	21,395	162,451	\$15,241
2021	Shakawe Plot <sup>2</sup>	1/01/2021 – 12/31/2025	77,040	-	77,040	7,228
2021	Gaborone <sup>3</sup>	2/01/2021 – 1/31/2022	-	98,000	98,000	9,194
2021	Letlhakane Plot <sup>4</sup>	2/21/2018 – 12/31/2068	29,998	-	29,998	2,814
	Total		248,094	119,395	367,489	\$34,477

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

<sup>1</sup>Newdico purchased the hangar facility from Commercial Holdings (Pty) Ltd. (CHPT) in February 2016. The hangar facility resides on a commercial plot located at the Maun International Airport rented by CHPT from Civil Aviation Authority of Botswana (CAAB). The purchase agreement called for a transfer of the CPHT/CAAB lease to Newdico upon purchase of the hangar facility. The parties all agree to the transfer to take place but to date, the lease transfer has not occurred. Newdico has withheld lease payments until such time that the lease is transferred. The lease has an effective date of January 1, 2016 and continues for 10 years at 8% escalation annually which may be reviewed 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.

<sup>2</sup>The lease has an effective date of January 1, 2021 and is renewable at the company's option for an additional 6 years expiring on December 31, 2025. The monthly lease payment is 6,420 BWP increasing 420 BWP annually in each successive year.

<sup>3</sup>The twelve month service agreement has an effective date of February 1, 2021 and is renewable at the company's option for an additional year expiring January 31, 2022. The monthly lease payment is 8,000 BWP/month.

<sup>4</sup>The lease term has an effective date of February 2018. Newdico's obligations under the lease are effective as of October 1, 2020. The lease cost is 29,998 BWP per annum which may be reviewed every five (5) years at market and commercial rates. The lease has a term of fifty (50) years cancelable by either party on six (6) months notice.

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

	March 31, 2021	March 31, 2020
<b>Net change in non-cash working capital balances:</b>		
(Increase) decrease in accounts receivable and prepaid expenses	(\$ 50,568)	\$ 9,371
Increase (decrease) in accounts payable and accrued liabilities	(241,526)	90,982
Total	(\$291,694)	\$100,353

## 14. SUBSEQUENT EVENTS

- On April 8, 2021, 250,000 stock options at C\$0.79 expired
- On May 20, 2021, shareholders voted to increase the number of common shares of the Corporation reserved for issuance pursuant to the Stock Option Plan to 9,830,340 to reflect an amount equal to 20% of the outstanding common shares outstanding as at May 2021.
- On May 21, 2021, the Company granted 650,000 options at C\$0.75 under its stock option plan to persons who are officers, employees and consultants of the Company.