

TSODILO RESOURCES LIMITED

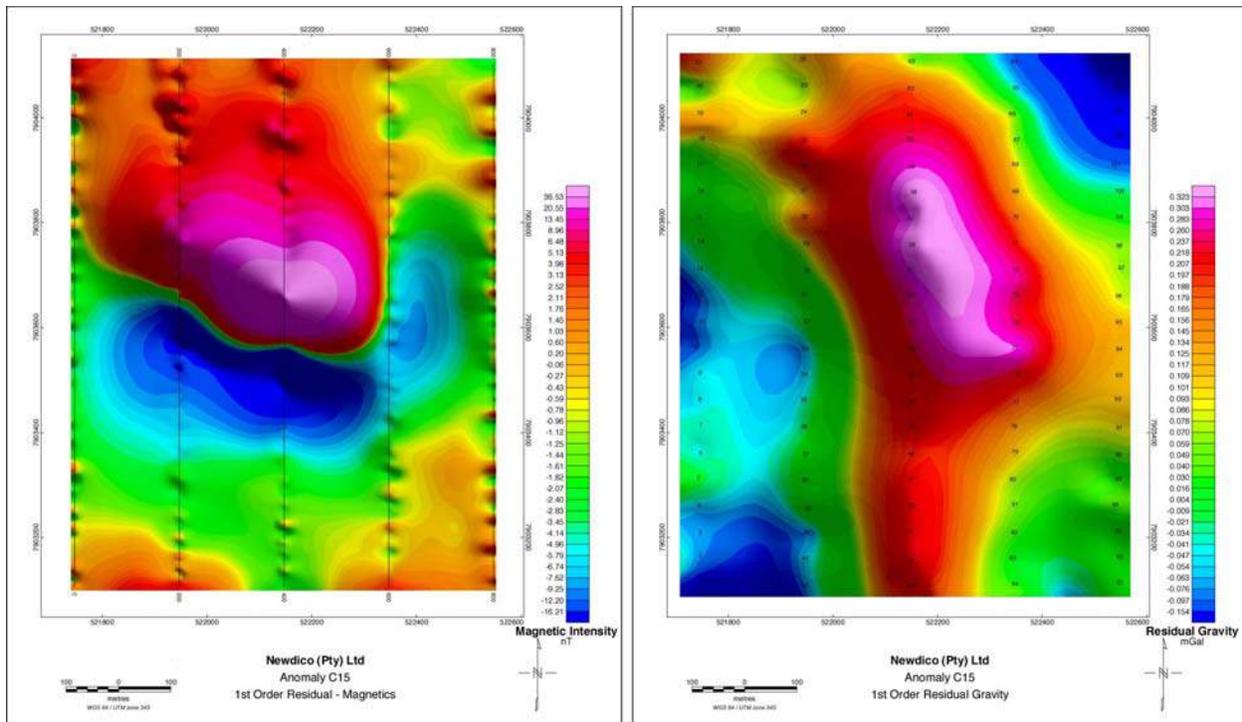
DRILL INVESTIGATION OF ANOMALY C15 CONFIRMS KIMBERLITE

August 4, 2006

TORONTO, ONTARIO - Tsodilo Resources Limited ("Tsodilo") (TSX Venture Exchange: TSD) is pleased to announce that the drill investigation of airborne magnetic anomaly C15 in the Nxau Nxau kimberlite field in their Newdico (Pty) Limited ("Newdico") license blocks in northwest Botswana has confirmed kimberlite.

ANOMALY C15

Ground gravity and magnetic surveys carried out over airborne magnetic anomaly C15 portray a coincident magnetic and gravity high displaying good isolation and suggests that the kimberlite is slightly elongate, measuring approximately 250 meters north-south and 400 meters east-west.



Anomaly C15 is located approximately 20 kilometres from the Namibia border and lies 2 kilometres north of anomaly A41 which was drilled a week ago and also found to be a kimberlite. C15 and A41 are in the southern part of a cluster of kimberlites, now numbering 25, that have been confirmed by drilling in the Nxau Nxau region of the Newdico, Ngamiland project area.

DRILLING RESULT

After rotary drilling through 9 meters of aeolian sand, hard calcrete was intersected to the base of the Upper Kalahari sequence at 36 meters when very weathered reddish-brown tuffisitic claystone was intersected. At 58 meters this tuff layer was followed by a tuffisitic kimberlite breccia in which kimberlitic pyrope garnets, chrome diopside and ilmenite grains were identified in hand specimen. The tuffisitic kimberlite breccia continued to a depth of 88.5 meters where highly fractured and hydrothermally altered dolomitic marble was intersected. This is interpreted as being very close to the kimberlite vent with the fractured and altered dolomite forming the base of the crater.

Drilling has demonstrated that the C15 target has many similarities to the A15 kimberlite evaluated late last year. A range of pink to deep purple peridotitic pyrope garnets as well as orange colored eclogitic pyrope garnets have been identified from hand specimens. This abundance of garnet differentiates C15 & A15 from the predominantly ilmenite-rich kimberlites in the Nxau Nxau field and may represent a different generation of kimberlite intrusion.

A more detailed petrological examination and determination of the indicator mineral chemistry by micro-probe analysis will be carried out to determine the diamond bearing capacity of the C15 kimberlite before further drilling to locate the centre of the pipe and to collect further kimberlite samples for micro-diamond analysis is done.

“C15 is the type of kimberlite we are looking for and its discovery confirms our exploration methodology. The secondary diamond KIM anomalies to the west of us at Tsumkwe and Omatako are rich in garnet. When we discovered A15, we suspected that we had a different type or generation of kimberlite than those previously discovered in our license block. The kimberlites previously discovered in the Nxau Nxau field proved to be diamondiferous but not economic; in addition, they were ilmenite rich and garnet poor. The discovery of C15 confirms that we do indeed have a different type or generation of kimberlite in our Nxau Nxau field. We are very encouraged by the news from the field and believe we are on track to find the source or sources of the secondary diamond KIM anomalies down slope to the west of us” states James M. Bruchs, President and CEO.

Tsodilo Resources Limited is an international diamond exploration company engaged in the search for economic kimberlites at its Newdico (Pty) Limited (“Newdico”) and Gcwihaba Resources (Pty) Limited (“Gcwihaba”) projects in northwest Botswana. The Republic of Botswana is the largest producer of diamonds, by value, in the world. Tsodilo has an 89% stake in Newdico (16,800 sq. km under diamond license) while Trans Hex Group, a South African diamond mining and marketing company, holds the remaining 11%. The southern Gcwihaba

project area (6,703 sq. km under diamond license and 3,780 sq. km under base and precious metals licenses) is 100% held by the Company. Tsodilo Resources Limited manages the exploration of both the Newdico and Gcwihaba license areas. The design and conduct of the Company's exploration program is the responsibility of Peter Walker, a qualified professional geologist registered with the South African Council for Natural Scientific Professions. Please visit the Company's website, www.TsodiloResources.com, for additional information and background on our projects.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release. This news release may contain assumptions, estimates, and other forward-looking statements regarding future events. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond the Company's control, which may cause actual results or performance to differ materially from those currently anticipated in such statements.

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