

TSODILO RESOURCES LIMITED

BK16 UPDATE

FOR IMMEDIATE RELEASE

August 28, 2017

TORONTO, ONTARIO - Tsodilo Resources Limited (“Tsodilo” or the “Company”) (TSX- Venture Exchange: (TSD)) is pleased to announce that the Large Diameter Drill (LDD) drilling program has commenced on its wholly owned BK16 kimberlite project.

BK16

The BK16 kimberlite project is located within the Orapa Kimberlite Field (“OKF”) in Botswana. The diamond mines in Botswana have produced an average of 27 million carats annually in the last 10 years and Botswana is the world’s largest producer of diamonds by value. In 2016, the OKF area produced 8.85 million carats. Of the 83 known kimberlite bodies, eleven have been or are currently being mined. These are AK01, AK02 and AK07 (Orapa, Debswana), AK06 (Karowe, Lucara Diamond Corporation), BK01, BK09, BK12 and BK15 (Damtshaa, Debswana), DK01 and DK02 (Letlhakane, Debswana) and BK11 (Firestone Diamonds). The Karowe mine has produced such notable diamonds as the 1,109 carat `Lesedi La Rona` and the 813 carat `Constellation`.

The diamondiferous BK16 kimberlite pipe is approximately 6 hectares in size at surface, and is known to contain rare and valuable Type IIa diamonds (see press release dated May 31, 2016). The following phases of kimberlite were identified during the 2015 drilling program: Red volcanoclastic kimberlite VK1, Black VK2, Grey VK3 and VKxxx also referred to as the basalt breccia, country rock breccia (CB) and coherent kimberlite (CK1).

LDD Program

The commencement of the Large Diameter Drilling (“LDD”) program on the BK16 kimberlite started on Wednesday, August 23rd. A total of 14 holes will be drilled to a cumulative depth of just over 3,000 meters and approximately 2,000 tonnes will be recovered by this process.

This bulk sampling program will be achieved by drilling 24-inch diameter holes that vary in depth from 96 to 366 meters depending on the kimberlite intersections. The holes are spread across the 6 hectare pipe in order to achieve a first pass grade distribution across the kimberlite as outlined by Z Star Mineral Resource Consultants (Cape Town, South Africa).

Pilot NQ size core holes have been drilled adjacent to each proposed LDD hole (see press release 26th June 2017) to ensure that the hole intersections with these large diameter holes and the kimberlite are maximized but also to correlate the diamond recoveries directly with the geological model once the results are available.

The LDD program is contracted to De Wet Drilling (Pty) Ltd (DWD) using their *Elephant* drill rig. This rig has a direct hydraulic pullback of 120 metric tons and a rotational torque of 100,000 Nm. The slow rpm through its large torque on the rotary action combined with the weight of the bit and collars ensure optimum sample recovery with large kimberlite chips. The drill pipe within the drill rods has an internal diameter of 8 inches which result in an efficient fluid reverse circulation flow to minimize diamonds breakage during the drilling process.

After a review of the pilot hole drill cores, the LDD intersections were adjusted slightly and it is anticipated that the following will be drilled: 1,610 meters of the volcanoclastic kimberlite VK3; 901 meters of VK2; 126 meters of the basalt-rich kimberlite Vxxx; and, 50 meters of country rock breccia CB. This is estimated to produce,

1,160, 650, 90 and 36 tons respectively. Most of the 25 m cover Kalahari sediments was collared by DWD to a 22 meter depth with 30-inch casing using their *Bomag* rig between May and July.

The LDD sampling is being conducted under the guidance and supervision of independent consultant Clement T. Rikhotso (Pr.Sci.Nat; fGSSA; aSAIMM; aSAIEG).

PLANT DESCRIPTION and REFURBISHMENT (UPDATE)

The LDD program will sample the various kimberlite phases every 12 meters resulting in 237 samples. The samples will be treated through the Company's 10 tph DMS plant which is positioned just outside Letlhakane. The plant is currently being refurbished and upgraded and it should be ready to ready for treatment in September. Refurbishment and upgrading of the plant is being conducted under the direction of independent contractor of Phillip Mills, a diamond metallurgist with over 20 years' experience in diamond mining production.

The mobile Newdico DMS treatment plant, also referred to as a Crushing, Screening and Concentrating plant, was purchased in March 2015 by the Company's Newdico Pty Ltd subsidiary from the original owner De Beers Botswana Prospecting Ltd. The plant was built for De Beers in Kimberley, South Africa, and later transported and installed just outside Letlhakane to evaluate the AK6 kimberlite (now Karowe mine) in 2005. It was used over several years for the feasibility study of AK6.

The plant is set on a concrete foundation and has been in place at the De Beers Letlhakane Exploration Camp since it arrived from South Africa in 2005. It is connected to the power grid and has access to water through the Debswana pipeline and two local boreholes. A settling dam and a connected overflow dam have been build next to the plant to receive and recycle the water used by the plant into the treatment system.

The plant, which is enclosed by its own security fence, consists of a scrubbing unit, jaw and cone crushers, screening units, DMS cyclone, a DMS concentrate cage to collect and secure the DMS concentrate, and several conveyor belts that are used to direct the materials to the various sections of the plant. Office facilities, laboratory and storage containers are adjacent to the plant and with the plant security fencing. The containers are secured and locked and contain all the spares for the plant, additional screens, and miscellaneous equipment. The secure containers will also house the drums that will contain the DMS concentrate from the various samples.

The plant has a capacity to treat some 10 tons per hour ("tph") but due to treatment of individual samples with blank samples in between, and with purging and cleaning the circuit between different sample consignments, this is rarely achieved and a production of 5 tph is more realistic for drill samples. The first test samples through the crushing and DMS section of the plant are schedule for the 3rd week of September. The circuit for final recovery of the DMS concentrate is presently being finalized.

About Tsodilo Resources Limited: Tsodilo Resources Limited is an international diamond and metals exploration company engaged in the search for economic diamond and metal deposits at its Bosoto (Pty) Limited ("Bosoto") and Gcwihaba Resources (Pty) Limited ("Gcwihaba") projects in Botswana and its Idada 361 (Pty) Limited ("Idada") project in Barberton, South Africa. The Company has a 100% stake in Bosoto (Pty) Ltd. which holds the BK16 kimberlite project in the Orapa Kimberlite Field in Botswana. The Company has a 100% stake in its Gcwihaba project area consisting of twenty-one (21) metal (base, precious, platinum group, and rare earth) prospecting licenses and eight (8) radioactive mineral licenses all located in the North-West district of Botswana. Additionally, Tsodilo has a 70% stake in Idada Trading 361 (Pty) Limited which holds the gold and silver exploration license in the Barberton area of South Africa. Tsodilo manages the exploration of the Gcwihaba, Bosoto and Idada projects. Overall supervision of the Company's exploration program is the responsibility of Dr. Mike de Wit, President and COO of the Company and a "qualified person" as such term is defined in National Instrument 43-101.

The Company has offices in Toronto, Canada and Gaborone and Maun, Botswana. Please visit the Company's website, www.TsodiloResources.com, for additional information and background on our projects.

This press release may contain forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or

may occur in the future (including, without limitation, statements pertaining to the use of proceeds, the impact of strategic partnerships and statements that describe the Company's future plans, objectives or goals) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in equity markets, changes in general economic conditions, political developments in Botswana and surrounding countries, changes to regulations affecting the Company's activities, uncertainties relating to the availability and costs of financing needed in the future, exploration and development risks, the uncertainties involved in interpreting exploration results and the other risks involved in the mineral exploration business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Neither the TSX Venture Exchange ("TSXV") nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

James M. Bruchs
Dr. Mike de Wit
Head Office
Website

Chairman and Chief Executive Officer
President and Chief Operating Officer
Telephone +1 416 572 2033
<http://www.TsodiloResources.com>

JBruchs@TsodiloResources.com
MdeWit@TsodiloResources.com
Facsimile + 1 416 987 4369