



TSODILO RESOURCES LIMITED

Management's Discussion and Analysis

**FOR THE THREE AND NINE MONTH PERIOD ENDED
September 30, 2025**

**The Management's Discussion and Analysis has been authorized
for release by the Company's Board of Directors on November 21, 2025**

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto for the periods ended September 30, 2025 and 2024. The Company's unaudited 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 (Pty) Ltd., Gcwihaba Resources (Pty) Ltd. and Bosoto (Pty) Ltd. which have a functional currency of the Botswana Pula. This management's discussion and analysis has been prepared as at November 21, 2025.

Disclosure of a scientific or technical nature in the MD&A was prepared under the supervision of Mr. Jonathan R. Kelafant, 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.

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 1 King Street West, 48th Floor, Toronto, Ontario M5H 1A1 - Canada. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Canadian TSX Venture Stock Exchange ("TSXV") 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 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, 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 November 21, 2025, 57,231,666 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, 6,362,500 options are outstanding of which 5,112,500 are exercisable at exercise prices ranging from CAD \$0.15 - \$0.75.

Grant Date	Expiry Date	Grant Price (CAD)	Granted	Outstanding	Exercisable
June 2, 2025	June 2, 2030	\$0.15	950,000	950,000	237,500
February 10, 2025	February 10, 2030	\$0.16	200,000	200,000	100,000
January 1, 2025	January 1, 2030	\$0.16	400,000	400,000	200,000
June 17, 2024	June 17, 2029	\$0.23	950,000	950,000	712,500
January 1, 2024	January 1, 2029	\$0.24	500,000	400,000	400,000
June 12, 2023	June 12, 2028	\$0.21	950,000	825,000	825,000
January 1, 2023	January 1, 2028	\$0.20	650,000	612,500	612,500
July 1, 2022	July 1, 2027	\$0.29	1,000,000	875,000	875,000
January 1, 2022	January 1, 2027	\$0.64	425,000	425,000	425,000
May 21, 2021	May 1, 2026	\$0.75	650,000	450,000	450,000
January 1, 2021	January 1, 2026	\$0.47	275,000	275,000	275,000
Totals:			6,950,000	6,362,500	5,112,500

As of November 21, 2025, 2,273,563 warrants are outstanding and exercisable as follows:

Grant Date	Expiry Date	Grant Price (USD)	Granted	Outstanding	Exercisable
March 21, 2024	March 21, 2026	\$0.20	621,660	621,660	621,660
May 6, 2024	May 6, 2026	\$0.30	945,000	945,000	945,000
September 26, 2025	September 26, 2030	\$0.15	2,067,581	2,067,581	2,067,581

Principal Shareholders of the Company

To the best of the Company's knowledge, the principal shareholders (greater than 5%) of the Company as of November 21, 2025, are as follows:

Name	Description	Shares Owns, Controls or Directs	% of the Issued and Outstanding Shares
Azur LLC	Investment Trust	4,996,065	8.73%
Karsten Busche	Investor	4,601,021	8.04%
David J. Cushing	Investor	4,327,579	7.56%
James M. Bruchs	Chairman and CEO	3,100,619	5.42%

Exploration Activities as at September 30, 2025

Subsidiaries

- The Company holds a 100% interest in its Botswana subsidiary, Gcwihaba Resources (Pty) Limited ("Gcwihaba") which holds five (5) 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 held s one (1) precious stone prospecting license PL369/2014 for the area containing the BK16 kimberlite. In the second quarter of 2023, an application for an extension in order to complete the work program delayed by the Covid pandemic was filed on June 30, 2023. During the quarter, a thorough review of the BK16 project was performed. In light of the current market conditions for natural diamonds and the inordinate delay in extending the license, a decision was made to withdraw the application for a license extension.
- The Company holds a 100% interest in Newdico (Pty) Limited ("Newdico"), which provides administrative, operational, exploration, geophysical, and drilling services to the Company's other subsidiaries.
- The Company holds a 100% interest in Tsodilo Resources Bermuda Limited, to which the shares of its operating subsidiaries are registered.

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

Seven (7) PLs were reissued as initial grants effective October 1, 2018, for a period of three (3) years. Two-year renewal applications were filed in the second quarter of 2021 reducing the overall license package from 4,921 km² to 2,462 km² consisting of five (5) prospecting licenses. The reduction in the license area package had no impact on the prospectively of the remaining project area. Five licenses were renewed effective April 1, 2024. The details of the Company's prospecting licences are outlined in Table 3.

Table 3: Gcwihaba Metal Licenses as at November 30, 2025

Prospecting license Number	Km ²	Grant Date	Expiry or Renewal Date	Current Stage	Expenditure* Per Annum (BWP)		Total Expenditure from Grant Date and if held to Full License Term	
					Rental Fee	Work Program	BWP ¹	USD as at 9/30/25
020/2018	448	4/01/24	3/31/26	1 st Renewal	2,240	1,000,000	2,004,480	148,712
021/2018	573	4/01/24	3/31/26	1 st Renewal	2,865	1,000,000	2,005,730	148,805
022/2018	161	4/01/24	3/31/26	1 st Renewal	805	1,000,000	2,001,610	148,500
023/2018	492	4/01/24	3/31/26	1 st Renewal	2,460	1,000,000	2,004,920	148,745
024/2018	782	4/01/24	3/31/26	1 st Renewal	3,910	1,000,000	2,007,820	148,960
					12,280	5,000,000	10,024,560	743,722

¹ 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.

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; and
3. **Rare Earth Element Exploration:** Skarn REE and Cu targets. These are secondary targets hosted within marbles (carbonate) rich lithologies and include significant enrichment in REE and Cu.

Summary of Work Performed

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

Geophysics: Over 1,800 km² (~20,000-line km) of detailed ground magnetics which has defined the extent of the highly magnetic XIF. An airborne 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 holes totalling 77,174 meters of core, including 116 reflex gyro surveys, and over 52,000 samples were sent for assay. Additionally, a 220-hole drill program (13,689 meters) known as the Kalahari Geochemistry Program (KGP) was conducted to 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 several high-priority targets for further exploration.

Xaudum Iron Formation: This is a potential prospect for future mining and has been identified as our key project. 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's 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% SiO₂, 6.1% Al₂O₃, and 0.3% P and represents Botswana's first and only major iron resource. Davis Tube Recovery (DTR) metallurgical test work showed that all major mineralised units

can produce 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 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 (spilt into Block 2a priority, and Block 2b). The Company created a 3-D model based on these holes focussed on the area around the elongated "C" XIF target. The area is dominated by the DIM Geodomain. Using the Company wireframes, Baker Geological Services Ltd ("BGS") assessed the potential tonnage and grade within the modelled Block 2a target by creating block models. The extent of the wireframes was limited by a bounding surface so that the model was more restricted to areas around the drilling undertaken. The depth extent of the model was also limited to the approximate depth of the drillholes, being approximately 215m from the surface. It should be noted that the level of study at Block 2a is however considered conceptual at best with limited exploration undertaken. The study noted that:

- Using average grades from the assay data and using density values determined from the Block 1 exploration, a minimum tonnage of between 100Mt and 300Mt has been calculated at a grade between 20% Fe and 30% Fe.
- Using the Davis Tube results, at a grind size of 80 microns, a contained minimum concentrate of between 20Mt and 60Mt can be determined.

755 assay results from 10 drill holes in Block 2a have been returned and confirm that Block 2a located 10km south of Block 1 is a continuation of the same Block 1 magnetite-rich units which will result in a significant increase in the resource tonnage for the XIF project upon completion of the Block 2a drill program. The Company is looking to expand its XIF resource into Block 2a and these assay results show that the Company can expect a significant resource increase in this area. Assay Results for 10 holes drilled in Block 2a show the following:

- Ten (10) evaluation drill holes were drilled within the Block 2a area of the XIF totalling 2,046.40 meters;
- 1,197.70 meters of highly magnetic magnetite-rich iron mineralization of the same type as seen in Block 1 were intersected;
- Drilling results indicate that Block 2a contains the same three magnetite resource lithological units that are seen in Block 1 with the following average grades; and
 - 35.6% Fe is the average Block 2a grade of the major Banded Magnetite BIF unit coded MBA (inclusive of weathered material);
 - 35.5% Fe was the average Block 1 grade for MBA;
 - 25.1% Fe is the average Block 2a grade of the major Magnetite Diamictite Schist unit coded DIM (inclusive of weathered material);
 - 20.8% Fe was the average Block 1 grade for DIM;
 - 25.0% Fe is the average Block 2a grade of the minor Magnetite Garnet Schist unit coded MGS (inclusive of weathered material);
 - 22.1% Fe was the average Block 1 grade for MGS;
 - These results confirm that the units in Block 2a are a continuation of the same magnetite-rich iron formation 10km south of Block 1; and
 - Based on metallurgical Davis Tube Recovery (DTR) magnetic separation (P80 of 80 microns) results for Block 1, a general average high-grade iron concentrate of 66 - 67% Fe and above can be expected from Block 2a;

- Block 2a will represent a significant increase in the XIF resource tonnages as it is of a similar size to Block 1; and
- In total, nineteen drillholes are planned to improve the confidence and model in the area, totaling 3,800m of drilling.

Geotechnical Test Works: Tsodilo undertook 30 geotechnical lab test works on the important formations for the Xaudum Iron Formation project including those that will make up the majority of the likely pit walls during the mining of the iron. These tests work included 18 Unconfined Compressive Strength (UCS) tests, 8 Brazilian Tensile Strength (BTS) tests, and 4 Direct Shear Strength (DSS) tests. The UCS and the BTS strength tests indicate that the XIF major Geodomains are competent and strong in both dimensions of compression and tension. The UCS mode of failure indicates that DIA, DIAW, and MBW tend to show a preferred mode of failure related to foliation. This is not as common for MBA and CAC. The joint discontinuities tested for DSS lean towards poor and fair characterizations.

These are the first set of geotechnical lab tests conducted on the XIF and show that the XIF materials are competent and will result in a good set of geotechnical parameters to be used in the ongoing PEA. These geotechnical lab tests show that the XIF materials are all within standard mechanical rock property ranges and that there will be no geotechnical issues arising from the XIF materials confirming that the XIF will show “normal” pit wall angles.

Ferrosilicon (FeSi) Production: Botswana International University of Science and Technology (BIUST) were engaged to conduct tests and determine if sand samples were suitable as raw material for FeSi production. Sand was collected proximately to the metal license area to be used as laboratory blank samples for quality assurance and quality check (QAQC) for the Xaudum Iron Formation project. The mineralogy data showed that the sand is very pure, with more than 99% SiO₂ and negligible impurities, and therefore suitable for FeSi production.

Copper and Cobalt Exploration: Tsodilo has identified within the same area the 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 meshes from the sub-deflation soil zone during the dry season. The first target 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 have been on-going and are 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 1822C26 (“C26”) and 1822C27 (“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 4m 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; and
- 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 81 Mt to 97 Mt of skarn with grades ranging from 0.05 % to 1.5 % Total Rare Earth Elements Oxide (TREO). The C26 skarn tonnage ranges from 4 Mt to 5 Mt with grades from 0.05 % to 0.5 % TREO. It has to be noted that these numbers are only for the modeled regions where there are drilled holes and do not cover the whole skarn area as modeled from the surface magnetic expression. These conceptual skarn

anomaly Exploration Targets were generated by geological modelling in 3-D using the drill-hole intersections of the skarn anomaly allowing volumes representing the 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/cm³. It is important to note that the tonnages and grades 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.

Botswana International University of Science and Technology (BIUST) analyzed samples from the skarn holes using petrographic microscope and X-ray diffraction (XRD) equipment. BIUST's work has added more knowledge to the Company's understanding of the mineralogy of the skarn holes associated with the REE. The results suggest that REE mineralogy is dominated by allanite, containing mainly cerium, a light rare earth element.

Fifty drillholes, each to be drilled to a depth of 250 m, are planned for drilling to fully define the extent of C26 and C27 skarn deposits.

Future Plans and Outlook – Metals Projects

Xaudum Iron Formation: The fundamentals for iron ore are strong and iron ore has seen a strong drive that may indicate the beginning of a new super cycle for the commodity, and with this, as a background, the Company is currently exploring options for developing the XIF resource. To this end, the Company has commenced 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 ferroalloys, 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.

The Company has entered into a research collaboration endeavor with the Department of Chemical, Materials, and Metallurgical Engineering at the Botswana International University of Science and Technology (BIUST) and Morupule Coal Mine (MCM) to undertake metallurgical studies concerning the potential of generating a Pellet Feed and Direct Reduced Iron (DRI) product from the Xaudum Iron Formation (XIF) utilizing its magnetite and MCM's coal as a reductant. Commercially, these high-grade pellets and DRI products would be used to produce steel within Botswana, the region, and internationally.

Tsodilo has also joined the Walvis Bay Corridor Group (WBCG), as there is currently a Feasibility Study commissioned by the Namibian Ministry of Works and Transport for the part of the corridor called the Trans-Zambezi Railway Extension Grootfontein - Rundu - Katima Mulilo. This Trans-Zambezi Railway Extension line linking Zambia and Namibia is planned to pass through Divundu, Namibia providing access to Walvis Bay, Namibia's deep-sea port. Divundu is located approximately 35 kilometers (22 miles) from the Companies Xaudum Iron license location in Northern Botswana.

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 alteration data logged, and assay generated on geological cross sections, interpolation of information into a 2D map, and improved structural interpretations, which will ultimately lead to updated drill target recommendations. The remaining samples will be sent for TerraLeach analysis to assist in refining the high-priority Cu and Co targets.

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 an 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.

Litigation: On or about June 30, 2021, the Company's wholly owned Botswana subsidiary, Gcwihaba Resources (Pty) Ltd. (Gcwihaba) submitted prospecting renewal license applications for its Xaudum Iron Formation project in northwest Botswana. Of the then current 7 licenses, two licenses were relinquished in their entirety and 5 were submitted for renewal. Collectively 50% of the combined license area in the 7 licenses was relinquished pursuant to Section(s) 17 and 19 of the Mines and Minerals Act.

Four of the five licenses that contain the vast bulk of the exploration target in the Xaudum Iron Formation project were renewed as submitted, effective January 1, 2022, while the fifth license, PL020/2018, continued in renewal. Despite periodic inquiries as to the license renewal status, Tsodilo was first apprised of a possible reason for the continued delay on April 26, 2022, when the Minister of Minerals and Energy (MME) informed Gcwihaba that part of the area included in license PL020/2018 is in the buffer zone surrounding the Okavango Delta, a UNESCO World Heritage Property, and that any prospecting activities in that area would be subject to environmental assessment measures.

On April 27, 2022, Gcwihaba promptly responded by reminding MME that:

- (i) the license in question has existed in its present form since 2008, six years before the buffer zone was established by the State party and not by UNESCO;
- (ii) prior to establishment of the current buffer zone in 2014, significant exploration had already been conducted in that area and a compliant NI 43-101 Inferred Mineral Resource Statement prepared by SRK was submitted to the MME identifying a mineral resource of 441 Mt grading 29.4% Fe;
- (iii) when it was established in 2014, the current buffer zone encroached on a portion (169 Mt) of the Company's identified mineral resource; and
- (iv) the prospecting license including this area has since that time been renewed and re-granted multiple times without any controversy.

Gcwihaba also expressed complete agreement that prospecting, and mining activities were permitted in the buffer zone subject to various environmental standards and practices spelled out in Botswana law and further affirmed its commitment to comply with all such requirements and to develop the Xaudum Iron Formation project in an environmentally friendly manner. With apparent agreement as to the facts and applicable law, and with renewed and unequivocal assurance from Gcwihaba that it would be sensitive to environmental issues and would fully comply with all laws and regulations in this regard, it was expected that any concerns had been more than addressed and that the PL020/2018 license would now be renewed in short order.

However, in a letter received on June 15, 2022, despite its earlier clear statements to Tsodilo that exploration and mining could be conducted in the buffer zone, and a history of similar statements by the Botswana government in multiple earlier UNESCO filings, the Ministry advised that the PL020/2018 license would not be renewed if it included any areas located within the buffer zone.

To reach a mutually acceptable resolution, the Company filed a revised renewal application reducing the buffer zone area of the license block to only an area proximate to a paved airport landing strip, a hospital, a solar farm facility and a shopping center all established, extended, or rebuilt after 2014 and all within the buffer zone.

While the bulk of the Company's Xaudum Iron Formation resource remains free of any dispute, the area within the buffer zone is of sufficient value that the Company believes further efforts are appropriate to protect shareholder interest, and further believes that the conduct of the Botswana government in connection with the license renewal process has left no recourse other than seeking resolution in the courts. Accordingly, litigation was initiated on October 31, 2022, and an oral hearing was held in the High Court in Maun, Botswana on April 18, 2023.

On December 15, 2023, the High Court, Republic of Botswana rendered its judgement *In re Gcwihaba Resources (Pty) Ltd. vs. Minister of Minerals and Energy and the Attorney General of Botswana*, MAHMN-000075-22, and ordered:

- The decision of the 1st Respondent rejecting the application for the renewal of the Applicant's

- prospecting license (020/ 2018) is illegal, unreasonable and or irrational;
- The decision of the 1st Respondent rejecting the application for the renewal of the Applicant's prospecting license (020/2018) is hereby set aside;
- The 1st Respondent is ordered and directed to renew, within 14 days of this order, the applicant's license (020/ 2018) subject only to justifiable safeguards necessary for the protection of the heritage area. Such safeguards are not to include any further demand for reduction or shifting of the license area or its coordinates;
- Following renewal, the 1st Respondent is ordered to align the effective dates of contiguous licenses PL 021- 026/2018 with that of the renewed license;
- The Respondents shall pay the costs of these proceedings.

On March 4, 2024, PL's 020 – 024/2018, were issued with an effective date of April 1, 2024, for their first renewal period of two years.

On August 14, 2025, the High Court awarded that the Bill of Costs was allocated to the Respondent in the sum of BWP481,828.

2. DIAMOND PROJECTS

The Company held one prospecting license for precious stones, registered to Bosoto.

PL369/2014 (BK 16)

History

Bosoto was granted a prospecting license (PL) (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. Bosoto received a second two-year renewal of the license due to COVID-19 relief from the Ministry of Mines and Energy ("MME") for PL369/2014 commencing October 1, 2021.

An application for a three-year extension in order to complete the work program delayed by the pandemic was filed on June 30, 2024. On November 5, 2024, the Company received a response from the then Minister of MME to the extension application requesting additional information to be filed within thirty days. The Company submitted a responsive filing on December 2, 2024.

During the quarter ending June 30, 2025, a thorough review of the BK16 project was performed. In light of the current market conditions for natural diamonds and the inordinate delay in extending the license, a decision was made to withdraw the application for a license extension.

Exploration Activities as at December 31, 2024 and September 30, 2025 and 2024

Exploration and evaluation additions for the year-ended December 31, 2024, are summarized as follows:

	Bosoto	Gcwihaba	
	Project BK 16		
	Precious Stones	Metals	TOTAL
Drilling Expenditures	\$ 810	\$ 6,062	\$ 6,872
Amortization Drill Rigs & Vehicles	3,666	4,455	8,121
Lab Analyses & Assays	--	4,765	4,765
License Fees	--	705	705
Maintenance, & Consumables	11,668	42,497	54,165
Salaries, Wages & Services	25,539	94,017	119,556
Balance at December 31, 2024	\$41,683	\$152,501	\$194,184

Exploration and evaluation additions for the period ending September 30, 2025, are summarized as follows:

	Project BK 16 Precious Stones	Metals	TOTAL
Drilling Expenditures	\$ --	\$ 7,715	\$ 7,715
License Fees	--	17,299	17,299
Maintenance, & Consumables	4,009	31,957	35,966
Salaries, Wages & Services	4,139	63,619	67,758
Balance at September 30, 2025	\$8,148	\$120,591	\$128,739

Exploration and evaluation additions for the period ending September 30, 2024, are summarized as follows:

	Project BK 16 Precious Stones	Metals	TOTAL
Drilling Expenditures	\$ 809	\$ 4,448	\$ 5,257
Lab Analyses & Assays	--	4,757	4,757
License Fees	--	469	469
Maintenance, & Consumables	7,217	27,381	34,598
Salaries, Wages & Services	12,798	63,983	76,781
Balance at September 30, 2024	\$20,824	\$101,038	\$121,862

Liquidity and Capital Resources

As at September 30, 2025, the Company had a negative working capital of \$4,302,550 (2024: \$3,534,096), which included cash of \$72,607 (2024: \$8,480). 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.

As at September 30, 2025, notes payable in the amount of \$2,580,482 (2024: \$2,188,746) were outstanding from a related party. The notes have an annual interest rate of 8% and one of the notes carries a termination fee of 10% upon early redemption of the note for which there is an embedded derivative arising – the fair value of this is NIL. In addition, at the option of the note holder, the December 2018 note can be converted to stock at the discretion of the holder during future private placements that raise a minimum of CAD \$500,000, of those future private placements at the price of the private placement. The remaining notes are due on demand.

The notes payable at September 30, 2025, are summarized as follows:

Date Issued	Amount	Interest Rate	Termination Fee	Maturity Date
December 31, 2018	\$ 273,006*	8%	\$ 27,300	31-Dec-25
June 30, 2019	207,242	8%	NIL	On Demand
December 31, 2019	57,684	8%	NIL	On Demand
October 01, 2020	192,042	8%	NIL	On Demand
June 21, 2021	26,500	8%	NIL	On Demand
July 27, 2021	26,500	8%	NIL	On Demand
August 28, 2021	27,000	8%	NIL	On Demand
September 27, 2021	25,500	8%	NIL	On Demand
December 31, 2021	102,235	8%	NIL	On Demand
June 30, 2022	451,159	8%	NIL	On Demand
September 30, 2022	100,738	8%	NIL	On Demand

December 31, 2022	91,440	8%	NIL	On Demand
July 01, 2023	166,880	8%	NIL	On Demand
September 30, 2023	91,440	8%	NIL	On Demand
December 31, 2023	91,400	8%	NIL	On Demand
June 30, 2024	166,500	8%	NIL	On Demand
September 30, 2024	91,440	8%	NIL	On Demand
At September 30, 2024:	\$ 2,188,746		\$ 27,300	
December 30, 2024	91,440	8%	NIL	On Demand
March 31, 2025	117,416	8%	NIL	On Demand
June 30, 2025	91,440	8%	NIL	On Demand
September 30, 2025	91,440	8%	NIL	On Demand
At September 30, 2025:	\$ 2,580,482		\$ 27,300	

*During the year-ended December 31, 2024, \$273,006 of notes payable had its maturity extended from December 31, 2024, to December 31, 2025. Promissory notes were issued on the above dates to an employee, who is a director of the company. The notes carry an annual interest rate of 8% and are repayable on demand.

Financial Instruments

The carrying amounts reflected in the consolidated Statement of Financial Position for cash, accounts receivable, accounts payable and accrued liabilities, lease 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 that created liabilities in the reporting years and periods. Due to the nature of the Company's operations, there is no significant credit or interest rate risk.

Operating Activities cash flow 2025

Operating activities before working capital adjustment increased to \$490,159 for the period ended September 30, 2025, compared to \$483,495 for the period ended September 30, 2024. Overall operating expenses increased for the period ending September 30, 2025 by \$4,979 when compared to the period ended September 30, 2024. Large operating expenses incurred comprise corporate remuneration \$323,087 (2024: \$363,453), administrative expenses \$127,435 (2024 \$65,513) and stock based compensation \$109,938 (2024 \$142,531). The comprehensive loss was due to foreign currency translation loss of \$24,388 (2024: \$115,166 gain).

Annual Information (in US Dollars)	Fiscal Period June 30 2025	Fiscal Year December 31 2024	Fiscal Year December 31 2023
Net income (loss)	(3,503,601)	(\$1,043,242)	(\$1,151,356)
Basic loss per share	(\$0.06)	(\$0.02)	(\$0.02)
Basic diluted loss per share	(\$0.06)	(\$0.02)	(\$0.02)
Total other comprehensive income gain (loss)	(26,409)	(\$157,729)	(\$243,899)
Total comprehensive income (loss)	(3,530,010)	(\$1,200,971)	(\$1,395,255)
Basic comprehensive loss per share	(\$0.06)	(\$0.02)	(\$0.03)
Diluted comprehensive loss per share	(\$0.06)	(\$0.02)	(\$0.03)
Total assets	2,591,324	\$5,569,331	\$5,595,833
Total long-term liabilities	\$ --	\$ --	\$5,503
Cash dividend	\$ --	\$ --	\$ --

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Year ended December 31, 2023				
Net income (loss) for the period	(\$210,517)	(\$172,005)	(\$230,222)	(\$538,612)
Basic income (loss) per share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)
Diluted basic income (loss) per share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)
Comprehensive income (loss) for the period	(\$469,114)	(\$358,411)	(\$409,605)	(\$158,125)
Basic comprehensive income (loss) for the period	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.01)
Diluted comprehensive income (loss) per share	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.01)
Total assets	\$5,603,973	\$5,343,187	\$5,167,122	\$5,595,833
Total long-term liabilities	\$10,675	\$10,444	\$10,238	\$5,503

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Year ended December 31, 2024				
Net income (loss) for the period	(\$205,721)	(\$220,522)	(198,242)	(\$418,757)
Basic income (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)
Diluted basic income (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)
Comprehensive income (loss) for the period	(\$272,728)	(\$201,342)	(35,249)	(691,652)
Basic comprehensive income (loss) for the period	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)
Diluted comprehensive income (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)
Total assets	\$5,544,360	\$5,695,472	5,858,348	\$5,569,331
Total long-term liabilities	\$5,409	\$5,457	\$5,632	\$ --

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended September 30, 2025				
Net income (loss) for the period	(288,271)	(3,215,330)	(171,258)	
Basic income (loss) per share	(\$0.01)	(\$0.06)	(\$0.01)	
Diluted basic income (loss) per share	(\$0.01)	(\$0.06)	(\$0.01)	
Comprehensive income (loss) for the period	(200,631)	(3,329,379)	(169,237)	
Basic comprehensive income (loss) for the period	(0.01)	(\$0.01)	(\$0.01)	
Diluted comprehensive income (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	
Total assets	5,700,852	2,591,324	2,665,216	
Total long-term liabilities	\$ --	\$ --	\$ --	

Investing Activities

Cash flow applied in investing activities increased (\$6,877) for the period ended September 30, 2025 as compared to an increase of \$55,688 for the period ended September 30, 2024. Total expenditures of \$128,739 on exploration properties for the period ended September 30, 2025, were attributable to the Gcwihaba iron ore project in northwest Botswana.

There were limited expenses or funding of the exploration projects in 2023 and 2022 as the Covid-19 pandemic reduced operation activities and litigation on the Gcwihaba licenses had not been resolved.

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.

On January 25, 2023, 2,500,941 units were issued at a price of C\$0.20 for proceeds to the Company of \$368,550 (C\$500,188). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on January 25, 2025, at USD \$0.20.

On November 16, 2023, 706,903 units were issued at a price of C\$0.20 for proceeds to the Company of \$103,664 (C\$141,380). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on November 16, 2025, at USD \$0.20.

On March 21, 2024, 621,660 units were issued at a price of C\$0.20 for proceeds to the Company of \$91,919 (C\$124,332). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on March 21, 2026, at USD \$0.20.

On May 6, 2024, 945,000 units were issued at a price of C\$0.30 for proceeds to the Company of \$207,138 (C\$283,500). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on May 6, 2026, at USD \$0.30.

On June 6, 2024, 352,500 stock options granted at various prices were exercised for \$33,479 (C\$45,800).

On November 15, 2024, 100,000 options granted at \$0.07 CAD were exercised for \$5,031 USD (\$7,000 CAD).

On September 16, 2025, 100,000 stock options were exercised for \$6,512 (C\$9,000).

On September 26, 2025, 2,067,581 units were issued at a price of C\$0.15 for proceeds to the Company of \$224,849 (C\$310,137). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on September 26, 2030. However, in the event that the closing price of the Issuer's common shares on the TSX Venture Exchange is the equivalent of USD \$0.30 or greater per common share during any 10 consecutive trading day period at any time subsequent to four months and one day after the closing date, the Warrants will expire at 4:00 p.m. (Toronto time) on the 30th day after the date on which the Issuer provides notice of such accelerated expiry to the warrant holders, and the warrant holders will have no further rights to acquire any Warrant Shares of the Issuer under the Warrant.

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.

Tsodilo expects to raise the amounts required to fund the Gcwihaba and Bosoto 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" and the Frankfurt Borse under the symbol "TZO".

RESULTS OF OPERATIONS

On a consolidated basis, the Group recorded a comprehensive net loss of (\$3,699,247) for the period ended September 30, 2025 (\$0.065 per common share), compared to a comprehensive net loss of (\$509,319) for the period ended September 30, 2024 (\$0.01 per common share). The increase was due mainly to impairment charge \$3,096,300 during the second quarter against Bosoto BK16 project. The Group had an accumulated deficit of \$59,039,741 (2024: \$54,946,125), and negative working capital of \$4,302,550 (2024: \$3,534,096).

Total capitalized exploration expenditures including amortization of property, plant and equipment used in exploration activities on all projects amounted to net \$2,517,086 as at September 30, 2025, compared to \$5,730,533 as at September 30, 2024. Total capitalized exploration expenditures incurred on the Newdico project as at December 31, 2024, and 2023 was \$NIL. Total capitalized exploration expenditures incurred on Gcwihaba's projects as at September 30, 2025, was \$2,517,086 compared to \$2,382,694 as at September 30, 2024.

Total capitalized exploration expenditures of \$3,096,300 had been incurred on Bosoto's projects to June 30, 2025, which amount was written off as an impairment charge in the period to June 30, 2025.

A table is presented in the Exploration and Evaluation Additions section above with specific details.

PERSONNEL

At September 30, 2025, the Company and its subsidiaries employed sixteen (16) compared to sixteen (16) at September 30, 2024 comprising senior officers, administrative and operations personnel including those on a short-term service basis.

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 out below. Any one or more of these risks and others could have a material adverse effect on the Company.

In February 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict economic sanctions against Russia and its interests. While the Company does not have any operations in Ukraine or Russia, its business may be impacted as the conflict and economic sanctions may give rise to indirect impacts, including but not limited to, increased fuel prices, supply chain challenges and disruptions, logistics and transport disruptions and heightened cybersecurity disruptions and threats. Increased fuel prices and ongoing volatility of such prices may have adverse impacts on the Company's costs of doing business. The implications could result in a global economic downturn that could adversely affect the Company's business. The continuance or escalation of the military conflict between Russia and Ukraine and the corresponding economic sanctions imposed on Russia may also result in increased volatility in the market for the Company's securities and could have other effects which are currently unknown.

The Company cannot accurately predict the impact that ongoing conflict in Ukraine will have on its financial position or operations. Uncertainty about judgments, estimates and assumptions made by management during the preparation of the Company's consolidated financial statements related to the Ukraine-Russia conflict on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

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.

The accompanying unaudited interim consolidated financial statements for the period-ended September 30, 2025, 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 \$3,674,859 (2024: \$624,485) and total comprehensive loss of \$3,699,247 (2024: \$509,319) for the period ended September 30, 2025, and as of that date, the Company had an accumulated deficit of \$59,039,741 (2024: \$54,946,125), and negative working capital of \$4,302,550 (2024: \$3,534,096). 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 September 30, 2025. 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. The consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statement of operation and comprehensive income (loss), and consolidated statement of financial position classifications that would be necessary were the going concern assumption not appropriate.

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

Uncertainties Related to Mineral Resource Estimates

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

Commodity Prices and Marketability

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

Currency Risk

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

Foreign Operations Risk

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

Mineral Exploration and Development

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

Title Matters

Any changes in the laws of Botswana 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 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.

Application of New Accounting Policies

During the period ended September 30, 2025, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 1 - Presentation of Financial Statements (encompassing IFRS Practice Statement 2, Making Materiality Judgments) and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. These changes did not have any material impact on the Company's financial statements.

New Standards, Amendments and Interpretations

IFRS 18 Presentation and Disclosure in Financial Statements – IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions. This standard is effective for reporting periods beginning on or after January 1, 2027.

RELATED PARTY TRANSACTIONS

Remuneration of key management personnel of the Company

	Period Ended September	
	2025	2024
Short term employee remuneration and benefits	334,476	290,127
Stock-based compensation	82,306	51,609
Compensation attributed to key management personnel	<u>\$ 416,782</u>	<u>\$ 341,736</u>

- During the period to September 30, 2025, a board member was issued notes payable in the amount of \$300,296 (2024: \$ 257,940). Interest accrues on notes payable at 8% per annum.
- As at September 30, 2025, there was a total of \$ 701,003 (2024: \$568,825) payables to related parties included within accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and are due on demand.

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 general decrease in commodity prices, the Company remains committed to international commodity exploration through carefully managed programs.

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

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

The Annual Report, including this MD&A contains, 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.

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James M. Bruchs
Chairman and Chief Executive Officer

"S"

Samuel S. McCullough
Chief Financial Officer



TSODILO RESOURCES LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 and 2024

(Expressed in United States Dollars)

These Unaudited 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 unaudited interim consolidated financial statements have been authorised for release by the Company's Board of Directors on November 21, 2025.

Contents:

Consolidated Statements of Financial Position
Consolidated Statements of Operations and Comprehensive Loss
Consolidated Statements of Changes in Equity
Consolidated Statements of Cash Flows

Financial Reporting Responsibility of Management

Management's Responsibility for the Unaudited Interim Consolidated Financial Statements

These unaudited 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 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 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 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 interim consolidated financial statements, and
- (ii) the unaudited 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 interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfils 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 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 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 unaudited 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 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 NOVEMBER 21, 2025

TSODILO RESOURCES LIMITED

"s"

James M. Bruchs
Chairman and Chief Executive Officer

"s"

Samuel S. McCullough
Chief Financial Officer

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

(In United States dollars)

	September 30 2025	September 30 2024	December 31 2024
ASSETS			
Current			
Cash	\$ 72,607	\$ 8,480	\$ 6,010
Accounts receivable and prepaid expenses	31,383	36,955	28,615
Total Current Assets	103,990	45,435	34,625
Exploration and evaluation assets (note 3)	2,517,086	5,730,533	5,480,551
Property, plant, and equipment (note 4)	44,140	82,380	54,155
Total Assets	\$2,665,216	\$ 5,858,348	\$5,569,331
LIABILITIES			
Current			
Accounts payable and accrued liabilities (note 9)	\$ 1,820,522	\$ 1,385,717	\$ 1,630,042
Short-term lease liability (note 5)	5,536	5,068	5,318
Notes payable (notes 6 and 9)	2,580,482	2,188,746	2,280,186
Total Current Liabilities	4,406,540	3,579,531	3,915,546
Long-term lease liability (note 5)	--	5,632	--
Total Liabilities	4,406,540	3,585,163	3,915,546
SHAREHOLDERS' EQUITY			
Share capital (note 7)	51,998,464	51,761,328	51,774,264
Contributed surplus (note 7)	12,665,071	12,525,817	12,555,134
Commitment to issue shares	--	--	30,000
Foreign translation reserve	(7,365,118)	(7,067,835)	(7,340,730)
Deficit	(59,039,741)	(54,946,125)	(55,364,882)
Total Equity	(1,741,324)	2,273,185	1,653,785
Total Liabilities and Equity	\$ 2,665,216	\$ 5,858,348	\$5,569,331

Nature of operations and going concern (note 1)**Commitments and contingencies (note 12)****Subsequent events (note 15)**

See accompanying notes to the consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"s"

"s"

Jonathan R. Kelafant
Chairman, Audit CommitteeJames M. Bruchs
Chairman, Board of Directors

Tsodilo Resources Limited

Unaudited Interim Consolidated Statements of Operations and Comprehensive Loss

(In United States dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Operating Expenses:				
Corporate remuneration (note 9)	107,945	\$ 128,308	\$ 323,087	\$ 363,453
Corporate travel and subsistence	--	--	4,759	1,929
Investor relations	4,524	18,896	17,343	35,159
Legal and audit	9,329	4,507	29,475	11,966
Filings and regulatory fees	4,412	11,542	18,596	17,107
Administrative expenses	40,043	(3,912)	127,435	65,513
Amortization expense	3,990	--	12,004	--
Stock-based compensation (note 7 and 9)	25,835	38,923	109,938	142,531
	(196,078)	(198,264)	(642,637)	(637,658)
Other Income (Expense):				
Other income, net of cost	24,839	68	30,536	11,632
Impairment of exploration and evaluation (note 3)	--	--	(3,096,300)	--
Foreign exchange gain /(loss)	(19)	(46)	33,542	1,541
	24,820	22	(3,032,222)	13,173
Loss for the Period	(171,258)	\$ (198,242)	(3,674,859)	\$ (624,485)
Other Comprehensive Loss:				
Foreign currency translation	2,021	162,993	(24,388)	115,166
Total Other Comprehensive Loss	2,021	162,993	(24,388)	115,166
Total Comprehensive Loss for the Period	(169,237)	\$ (35,249)	\$ (3,699,247)	\$ (509,319)
Basic and diluted loss per share	(0.01)	\$ (0.01)	\$ (0.07)	\$ (0.01)
Weighted average number of shares outstanding		55,064,085		54,964,085

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited

Unaudited Interim Consolidated Statements of Changes in Equity

(In United States dollars except for Shares)

Nine months period ended September 30, 2025

	Share Capital		Contributed Surplus Stock-based compensation & Other	Commitment to Issue Shares	Foreign Translation Reserve	Retained Deficit	Total Equity
	Shares Issued	Amount					
Balance January 1, 2025	55,064,085	\$ 51,774,264	\$ 12,555,133	\$ 30,000	\$ (7,340,730)	\$ (55,364,882)	\$ 1,653,785
Units Issued	2,067,581	217,688	--	(30,000)	--	--	187,688
Options exercised	100,000	6,512	--	--	--	--	6,512
Stock-based compensation	--	--	109,938	--	--	--	109,938
Comprehensive gain /(loss)	--	--	--	--	(24,388)	(3,674,859)	(3,699,247)
Balance September 30, 2025	57,231,666	\$ 51,998,464	\$ 12,665,071	\$ --	\$ (7,365,118)	\$ (59,039,741)	\$ (1,741,324)

See accompanying notes to the consolidated financial statements.

Nine months period ended September 30, 2024

	Share Capital		Contributed Surplus Stock-based compensation & Other	Commitment to Issue Shares	Foreign Translation Reserve	Retained Deficit	Total Equity
	Shares Issued	Amount					
Balance January 1, 2024	53,044,925	\$ 51,403,803	\$ 12,414,194	\$ --	\$ (7,183,001)	\$ (54,321,640)	\$ 2,313,356
Units Issued	1,566,660	293,138	--	--	--	--	293,138
Options exercised	352,500	64,387	(30,908)	--	--	--	33,479
Stock-based compensation	--	--	142,531	--	--	--	142,531
Comprehensive gain /(loss)	--	--	--	--	115,166	(624,485)	(509,319)
Balance September 30, 2024	54,964,085	\$ 51,761,328	\$ 12,525,817	\$ --	\$ (7,067,835)	\$ (54,946,125)	\$ 2,273,185

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited
Unaudited Interim Consolidated Statements of Cash Flows
(In United States dollars)

	Nine months ended September 30	
	2025	2024
Cash provided by (used in):		
Operating Activities		
Net loss for the period	(\$ 3,674,859)	(\$ 624,485)
<i>Adjustments for non-cash items:</i>		
Amortization	12,004	--
Foreign exchange loss (gain)	(33,542)	(1,541)
Impairment of exploration and evaluation (note 3)	3,096,300	--
Stock-based compensation	109,938	142,531
	(490,159)	(483,495)
Net change in non-cash working capital balances (note 14)	187,712	45,039
Cash (used in) provided by operating activities	(302,447)	(438,456)
Investing Activities		
Additions to exploration properties	(128,739)	(121,862)
Cash used in investing activities	(128,739)	(121,862)
Financing Activities		
Issuance of notes payable	300,296	257,940
Issuance of common shares and warrants	217,688	293,138
Options exercised	6,512	33,479
Cash payments on lease	--	(87)
Cash provided by financing activities	524,496	584,470
Impact of exchange on cash	(26,713)	(17,528)
Change in cash – for the period	66,597	6,624
Cash – beginning of period	6,010	1,856
Cash – end of period	\$ 72,607	\$ 8,480

Supplemental cash flow information – note 14

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited

Notes to the Unaudited Interim Consolidated Financial Statements

For the Periods Ended September 30, 2025 and 2024

(All amounts are in U.S. dollars unless otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 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 1 King Street West, 48th Floor, Toronto, Ontario, Canada, M5H 1A1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Canadian TSX Venture Stock Exchange ("TSXV") under the symbol TSD. The Company's stock also trades on the US OTCQB Venture Market under the symbol "TSDRF" and the Frankfurt Borse under the symbol "TZO".

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.

These unaudited 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 \$3,674,859 (2024: \$624,485) and comprehensive loss of \$3,699,247 (2024: \$509,319) for the period ended September 30, 2025, and as of that date, the Company had an accumulated deficit of \$59,039,741 (2024: \$54,946,125) and negative working capital of \$4,302,550 (2024: \$3,534,096). 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 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 consolidated financial statements.

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

2. MATERIAL ACCOUNTING POLICIES

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

These 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").

The unaudited interim consolidated financial statements have been authorized for release by the Company's Board of Directors on August 22, 2025.

(b) **Basis of Preparation**

The 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. In addition, the consolidated financial statements have been prepared using the accruals basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented.

(c) **Basis of consolidation**

The unaudited interim consolidated financial statements are presented in United States dollars and include the accounts of the Company and the following direct* and indirect** subsidiaries:

Entity	Jurisdiction	2025	2024
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%

Tsodilo Resources Limited

Notes to the Unaudited Interim Consolidated Financial Statements

For the Periods Ended September 30, 2025 and 2024

(All amounts are in U.S. dollars unless otherwise noted)

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealised income and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

(d) **Significant Accounting Judgments and Estimates**

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

The areas which require management to make significant judgments and estimates in determining carrying values include, but are not limited to:

(i) Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of operating facilities, operating management expertise and existing permits. 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.

(ii) Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

(iii) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(e) **Foreign Currency Translation**

The unaudited interim consolidated financial statements are presented in United States dollars (USD) which is the functional currency of Tsodilo Resources Limited and Tsodilo Resources Bermuda Limited. The functional currency of the Botswana subsidiaries is the Botswana Pula (BWP).

Assets and liabilities of the Botswana subsidiaries are translated at the rate of exchange at the reporting period end date. Expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign exchange currency translation adjustments are recognized in other comprehensive loss included in the consolidated statements of loss and comprehensive loss.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in profit or loss.

Tsodilo Resources Limited

Notes to the Unaudited Interim Consolidated Financial Statements

For the Periods Ended September 30, 2025 and 2024

(All amounts are in U.S. dollars unless otherwise noted)

In the event a foreign subsidiary is sold, the amount previously recognized in the foreign translation reserve would be reallocated to profit or loss as part of the gain or loss on disposal of the subsidiary company.

(f) **Loss per Common Share**

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

Diluted loss per share calculations are based on the net loss attributable to common shareholders for the period 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 period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period. The incremental number of common shares that would be issued is included in the calculation of diluted earnings per share.

(g) **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 represent 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.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale.

When events or changes in circumstances indicate that its' carrying amount may not be recoverable, the Company will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of revenues from the property or from the sale of the property.

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

Property, plant, and equipment are 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

Tsodilo Resources Limited

Notes to the Unaudited Interim Consolidated Financial Statements

For the Periods Ended September 30, 2025 and 2024

(All amounts are in U.S. dollars unless otherwise noted)

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 comprise major components with different useful lives, the components are accounted for as separate items of property, 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.

(i) **Cash**

Cash consists of cash held in banks and petty cash.

(j) **Income Taxes**

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

Deferred taxes are recorded using the statement of financial position 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.

(k) **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 stock option. When options are forfeited, 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. When an award expires unexercised the fair value originally allocated to the awardee remains in contributed surplus.

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.

(l) **Severance Benefits**

Under Botswana law, a 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

(m) **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

Tsodilo Resources Limited

Notes to the Unaudited Interim Consolidated Financial Statements

For the Periods Ended September 30, 2025 and 2024

(All amounts are in U.S. dollars unless otherwise noted)

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.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company derecognizes financial assets only when the contractual rights to cash flow from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on de-recognition are recognized in profit or loss.

(n) **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, amortized costs 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 period. 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, lease liability, and notes payable are classified as at amortized cost. Financial liabilities classified as FVTPL. 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 the statement of loss. Transaction costs associated with FVTPL liabilities are expensed as incurred.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

(o) **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 assessed for impairment indicators under IFRS 6.

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 periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(p) **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.

Tsodilo Resources Limited

Notes to the Unaudited Interim Consolidated Financial Statements

For the Periods Ended September 30, 2025 and 2024

(All amounts are in U.S. dollars unless otherwise noted)

(q) **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 the 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 fees or other transaction costs are accounted for as share issue costs and are recognized in equity. 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.

(r) **Provisions**

Rehabilitation provisions:

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. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of the estimated future cash flows associated with the retirement as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. At the end of each period, the liability would be increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

As at September 30, 2025, the Company has determined that it does not have any decommissioning or rehabilitation obligations.

Other provisions:

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(s) **Lease Liability Accounting Policy**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

(t) **Adoption of new Accounting Standards**

During the periods ended September 30, 2025 and 2024, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 1 - Presentation of Financial Statements

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(encompassing IFRS Practice Statement 2 Making Materiality Judgments) and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. These changes did not have any material impact on the Company's financial statements.

(u) **Accounting Standards, Amendments and Interpretations Not Yet Effective**

IFRS 18 Presentation and Disclosure in Financial Statements – IFRS 18 introduces new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions. This standard is effective for reporting periods beginning on or after January 1, 2027.

3. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are summarized as follows:

	Bosoto BK 16	Gcwihaba Metals	TOTAL
Balance at December 31, 2023	\$ 3,250,035	\$ 2,225,841	\$ 5,475,876
Additions	41,683	152,501	194,184
Net Exchange Differences	(110,723)	(78,785)	(189,509)
Balance at December 31, 2024	\$ 3,180,995	\$ 2,299,557	\$ 5,480,551
Additions	8,148	120,591	128,739
Net Exchange Differences	(92,843)	96,927	4,084
Impairment	(3,096,300)	--	(3,096,300)
Balance at September 30, 2025	\$ --	\$ 2,517,086	\$ 2,517,086

Exploration and evaluation additions for the year-ended December 31, 2024, are summarized as follows:

	BK 16	Metals	TOTAL
Drilling Expenditures	\$ 810	\$ 6,062	\$ 6,872
Amortization Drill Rigs & Vehicles	3,666	4,455	8,121
Lab Analyses & Assays	--	4,765	4,765
License Fees	--	705	705
Maintenance, & Consumables	11,668	42,497	54,165
Salaries, Wages & Services	25,539	94,017	119,556
Balance at December 31, 2024	\$ 41,683	\$ 152,501	\$ 194,184

Exploration and evaluation additions for the nine months ended September 30, 2025, are summarized as follows:

	BK 16	Metals	TOTAL
Drilling Expenditures	\$ --	\$ 7,716	\$ 7,716
Amortization Drill Rigs & Vehicles	--	--	--
License Fees	--	17,299	17,299
Maintenance, & Consumables	4,009	31,957	35,966
Salaries, Wages & Services	4,139	63,619	67,758
Balance at September 30, 2025	\$ 8,148	\$ 120,591	\$ 128,739

Exploration and evaluation additions for the nine months ended September 30, 2024, are summarized as follows:

	BK 16	Metals	TOTAL
Drilling Expenditures	\$ 809	\$ 4,448	\$ 5,257
Amortization Drill Rigs & Vehicles	--	--	--
Lab Analyses & Assays	--	4,757	4,757
License Fees	--	469	469
Maintenance, & Consumables	7,217	27,381	34,598
Salaries, Wages & Services	12,798	63,983	76,781
Balance at September 30, 2024	\$ 20,824	\$ 101,038	\$ 121,862

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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.

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.

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") then seven (7) metal prospecting licenses in consideration of the payment of \$500,000.

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 five (5) prospecting metal licenses in northwest Botswana.

OPERATING SUBSIDIARIES

Gcwihaba Resources (Pty) Ltd ("Gcwihaba") - Botswana

Gcwihaba, a wholly owned subsidiary of the Company, holds five (5) Prospecting Licenses (PL) in the North-West district. On April 1, 2024, PL's 020-024/2018 were renewed for their first two-year renewal period. The five licenses combined have a proposed minimum exploration expenditure requirement of 10,024,560 BWP (\$743,722) if held for the full license term.

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

Tsodilo was granted PL369/2014 over the BK16 kimberlite pipe through its 100% owned Botswana subsidiary, Bosoto, effective October 1, 2014. On June 21, 2021, a renewal of the second two-year renewal license was granted effective October 1, 2021, for pandemic relief. An application for an extension to complete the work program delayed by the pandemic was filed on June 30, 2023. During the quarter, a thorough review of the BK16 project was performed. In light of the current market conditions for natural diamonds and the inordinate delay in extending the license by the Ministry of Minerals and Energy, a decision was made to withdraw the application for a license extension.

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

The Company holds a 100% interest in Newdico (Pty) Limited ("Newdico"), which provides administrative, operational, exploration, geophysical, and drilling services to the Company's other subsidiaries as well as evaluate additional properties for acquisition.

Tsodilo Resources Bermuda Limited

The Company holds a 100% interest in Tsodilo Resources Bermuda Limited to which the shares of its operating subsidiaries are registered.

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4. PROPERTY, PLANT AND EQUIPMENT

Cost	Hangar	Vehicles	Furniture & Equipment	Right of Use Asset	Total
As at December 31, 2023	\$147,500	\$ 646,340	\$ 375,001	\$22,503	\$ 1,191,344
Disposals	--	(42,308)	--	--	(42,308)
Net Exchange Differences	(4,980)	(21,822)	(12,074)	(760)	(39,636)
As at December 31, 2024	142,520	582,210	362,927	21,743	1,109,400
Net Exchange Differences	5,860	--	11,977	894	18,734
As at September 30, 2025	\$148,380	\$582,210	\$374,904	\$22,637	\$1,128,131

Accumulated Depreciation	Hangar	Vehicles	Furniture & Equipment	Right of Use Asset	Total
As at December 31, 2023	\$113,672	\$646,340	\$337,222	\$13,502	\$1,110,736
Depreciation	16,074	--	3,666	4,455	24,195
Disposals	--	(42,308)	--	--	(42,308)
Net Exchange Differences	(4,235)	(21,822)	(10,759)	(562)	(37,378)
As at December 31, 2024	125,511	582,210	330,129	17,395	1,055,245
Depreciation	12,004	--	--	--	12,004
Net Exchange Differences	5,398	--	10,629	715	16,742
As at September 30, 2025	\$142,913	\$582,210	\$340,758	\$18,110	\$1,083,991

Net Book Value:					
As at December 31, 2024	\$17,009	\$ --	\$ 32,798	\$ 4,348	\$ 54,155
As at September 30, 2025	\$ 5,467	\$ --	\$ 34,146	\$ 4,527	\$ 44,140

For the period ended September 30, 2025, \$ Nil (2024: \$ Nil) depreciation has been capitalized under exploration and evaluation assets.

5. LEASE LIABILITY

The following table presents the lease obligation as at the period ended September 30:

	2025	2024
Lease liability opening balance	\$ 5,318	\$ 10,455
Additions	--	--
Payments	--	(87)
Accretion	--	--
Exchange difference	218	332
Lease liability ending balance	5,536	10,700
Current portion	(5,536)	(5,068)
Long-term portion	\$ --	\$ 5,632

The incremental borrowing rate for the lease liabilities recognized was 10%. See note 12.

6. NOTES PAYABLE

As at September 30, 2025, notes payable in the amount of \$2,580,482 (2024: \$2,188,746) were outstanding from a related party. The notes have an annual interest rate of 8% and one of the notes carries a termination fee of 10% upon early redemption of the note. In addition, at the option of the note holder, the December 2018 note can be converted to stock at the discretion of the holder during future private placements that raise a minimum of CAD \$500,000, of those future private placements at the price of the private placement. The remaining notes are due on demand.

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Notes payable as at September 30, 2025 and September 30, 2024 are summarized as follows:

Date Issued	Amount	Interest Rate	Termination Fee	Maturity Date
December 31, 2018	\$ 273,006*	8%	\$ 27,300	31-Dec-25
June 30, 2019	207,242	8%	NIL	On Demand
December 31, 2019	57,684	8%	NIL	On Demand
October 01, 2020	192,042	8%	NIL	On Demand
June 21, 2021	26,500	8%	NIL	On Demand
July 27, 2021	26,500	8%	NIL	On Demand
August 28, 2021	27,000	8%	NIL	On Demand
September 27, 2021	25,500	8%	NIL	On Demand
December 31, 2021	102,235	8%	NIL	On Demand
June 30, 2022	451,159	8%	NIL	On Demand
September 30, 2022	100,738	8%	NIL	On Demand
December 31, 2022	91,440	8%	NIL	On Demand
July 01, 2023	166,880	8%	NIL	On Demand
September 30, 2023	91,440	8%	NIL	On Demand
December 31, 2023	91,440	8%	NIL	On Demand
June 30, 2024	166,500	8%	NIL	On Demand
September 30, 2024	91,440	8%	NIL	On Demand
As at September 30, 2024	\$ 2,188,746		\$ 27,300	
December 31, 2024	91,440	8%	NIL	On Demand
March 31, 2025	117,416	8%	NIL	On Demand
June 30, 2025	91,440	8%	NIL	On Demand
September 30, 2025	91,440	8%	NIL	On Demand
As at September 30, 2025	\$ 2,580,482		\$ 27,300	

*During the year-ended December 31, 2024, \$273,006 of notes payable had its maturity extended from December 31, 2024, to December 31, 2025. Promissory notes were issued on the above dates to an employee, who is a director of the company. The notes carry an annual interest rate of 8% and are repayable on demand.

7. 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. There was 57,231,666 common shares issued and outstanding at September 30, 2025, 55,064,085 as at December 31, 2024 and 54,964,085 as at September 30, 2024.

Shares issued during the period ended September 30, 2025:

- On September 16, 2025, 100,000 (C\$0.09) options were exercised for proceeds of \$6,512 (C\$9,000).
- On September 26, 2025, 2,067,581 units were issued at a price of C\$0.15 for net proceeds to the Company of \$217,688 (C\$300,442). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on September 26, 2030, at USD \$0.15. Issuance costs of \$7,172 (C\$9,875) were netted against the gross proceeds.

Shares issued during the year ended December 31, 2024:

- On March 21, 2024, 621,660 units were issued at a price of C\$0.20 for net proceeds to the Company of \$91,919 (C\$124,332). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on March 21, 2026, at USD \$0.20. Issuance costs of \$5,504 (C\$7,532) were netted against the gross proceeds.

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- On May 6, 2024, 945,000 units were issued at a price of C\$0.30 for net proceeds to the Company of \$206,723 (C\$283,500). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on May 2, 2026, at USD \$0.30.
- On June 6, 2024, 140,000 (C\$0.17) options were exercised for proceeds of \$17,406 (C\$23,800). The fair value of \$8,166 (C\$11,200) was reclassified from contributed surplus to share capital.
- On June 6, 2024, 62,500 (C\$0.07) options were exercised for proceeds of \$3,197 (C\$4,375). The fair value of \$8,219 (C\$11,250) was reclassified from contributed surplus to share capital.
- On June 6, 2024, 112,500 (C\$0.09) options were exercised for proceeds of \$7,398 (C\$10,125). The fair value of \$13,152 (C\$18,000) was reclassified from contributed surplus to share capital.
- On June 6, 2024, 37,500 (C\$0.20) options were exercised for proceeds of \$5,479 (C\$7,500). The fair value of \$1,371 (C\$1,875) was reclassified from contributed surplus to share capital.
- On November 11, 2024, 100,000 (C\$0.07) options were exercised for proceeds of \$5,031 (C\$7,000). The fair value of \$7,905 (C\$11,000) was reclassified from contributed surplus to share capital.

(b) Warrants

Warrant activity summary for years 2023 and 2024 and YTD September 30, 2025:

	Number of Warrants	Exercise Price (USD)	Expiry Date (mm/dd/year)	Remaining Contractual Life (years)
Outstanding as at December 31, 2022	2,804,055	\$0.20*		
Issued – January 25, 2023	2,500,941	\$0.20		--
Expired – July 25, 2023	(2,504,055)	\$0.20		
Expired – August 10, 2023	(300,000)	\$0.20		
Issued – November 16, 2023 (note 15)	706,903	\$0.20	11/16/2025	0.13
Outstanding as at December 31, 2023	3,207,844	\$0.20*		
Issued – March 21, 2024	621,660	\$0.20	03/21/2026	0.47
Issued – May 6, 2024	945,000	\$0.30	05/06/2026	0.60
Outstanding as at December 31, 2024	4,774,504	\$0.22		
Expired – January 2025	(2,500,941)	\$0.20		--
Issued – September 26, 2025 **	2,067,581	\$0.15	09/26/2030	4.98
Outstanding as at September 30, 2025	4,341,144	\$0.20*		

* Weighted average exercise price

** In the event that the closing price of the Company's Common Shares on the TSX Venture Exchange is the equivalent of USD \$0.30 or greater per Common Share during any 10 consecutive trading day period at any time subsequent to four months and one day after the closing date, the Warrants will expire at 4:00 p.m. (Toronto time) on the 30th day after the date on which the Issuer provides notice of such accelerated expiry to the warrant holders, and the warrant holders will have no further rights to acquire any Warrant Shares of the Issuer under the Warrant.

Unless exercised, the warrants will expire automatically on the expiry date indicated above.

As the strike price of warrants is in U.S. Dollars, the warrants are 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 an amount equal to 20% of the outstanding common 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 TSX Venture Exchange the day before the grant date. Options generally vest rateably 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.

On May 20, 2021, shareholders voted to increase the number of common shares of the Corporation reserved for issuance pursuant to the SOP to 9,830,340 to reflect an amount equal to 20% of the outstanding common shares as at May 20, 2021.

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The Table summarizes the Company's stock option activity for the year 2024 and YTD September 30, 2025:

	Number of Options	Weighted Average Exercise Price
Outstanding as at December 31, 2023	4,656,250	C\$0.33
Granted	1,450,000	C\$0.23
Exercised	(452,500)	C\$0.12
Cancelled/Forfeited	(450,000)	C\$0.36
Expired	(285,000)	C\$0.19
Outstanding as at December 31, 2024	4,918,750	C\$0.33
Granted	1,550,000	C\$0.16
Exercised	(100,000)	C\$0.09
Expired	(6,250)	C\$0.09
Outstanding as at September 30, 2025	6,362,500	C\$0.29

Stock options movements during year 2024 and YTD 2025:

- On January 2, 2024, 500,000 stock options exercisable at C\$0.24 were granted
- On January 2, 2024, 50,000 stock options exercisable at C\$0.28 expired
- On March 26, 2024, 100,000 stock options exercisable at C\$0.24 were cancelled
- On June 6, 2024, 352,500 stock options were exercised – details above (a) Common Shares
- On June 6, 2024, 235,000 stock options exercisable at C\$0.17 expired
- On June 14, 2024, 125,000 stock options exercisable at C\$0.29 were cancelled
- On June 14, 2024, 125,000 stock options exercisable at C\$0.21 were cancelled
- On June 14, 2024, 100,000 stock options exercisable at C\$0.75 were cancelled
- On June 17, 2024, 950,000 stock options exercisable at C\$0.23 were granted
- On November 11, 2024, 100,000 stock options at C\$0.07 were exercised
- On January 1, 2025, 400,000 stock options at C\$0.16 were granted
- On February 16, 2025, 200,000 stock options at C\$0.16 were granted
- On June 2, 2025, 950,000 stock options at C\$0.15 were granted
- On September 16, 2025, 100,000 stock options at C\$0.09 were exercised
- On September 21, 2025, 6,250 stock options at C\$0.09 expired

The following assumptions were used in the Black Scholes option pricing model to give fair value the stock options granted during the periods ended June 30, 2025, and 2024:

	2025	2024
Expected lives	2.810 years	3.91 years
Expected volatilities (based on Company's historical prices)	113.3 - 113.92%	124.24-124.87%
Expected dividend yield	0%	0%
Risk free rates	4.16-4.20%	3.98-4.36%
Weighted average fair value of option	\$0.18	\$0.19

Stock options outstanding and exercisable as at September 30, 2025 are as follows:

Number of Outstanding Options	Exercise Prices (C\$)	Number of Exercisable Options	Remaining Contractual Life (Years)
275,000	C\$0.47	275,000	0.25
450,000	C\$0.75	450,000	0.58
425,000	C\$0.64	425,000	1.25
875,000	C\$0.29	875,000	1.75
612,500	C\$0.20	612,500	2.25
825,000	C\$0.21	825,000	2.67
400,000	C\$0.24	400,000	3.25
950,000	C\$0.23	712,500	3.67
600,000	C\$0.16	300,000	4.30
950,000	C\$0.15	237,500	4.67
6,362,500		5,112,500	

The weighted average fair value of the grants in the period ending September 30, 2025, was C\$0.29 (2024: C\$0.37).

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8. 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 2024 of approximately 26.5% (2023: 26.5%) to loss before income taxes as follows:

	2024	2023
Loss for the year	(\$1,043,242)	(\$1,151,849)
Income tax rate	26.50%	26.50%
Expected income tax recovery	\$ (276,000)	\$ (305,000)
Foreign operations taxed at lower rates	10,130	39,000
Permanent differences	55,610	46,000
Change in benefits not recognized	210,260	220,000
Provision for income taxes	\$ --	\$ --

As of December 31, 2024, the following deferred tax assets and liabilities have not been recognized:

	2024	2023
Property, Plant and Equipment	(16,000)	(21,000)
Exploration & Evaluation Assets	(2,514,000)	(2,715,000)
Deferred tax liabilities	(2,530,000)	(2,736,000)
Tax losses carried forward	2,530,000	2,736,000
Net deferred income tax asset recorded	\$ --	\$ --

As at December 31, 2024, the Company has unrecognized deductible temporary differences aggregating to \$14,906,000 (2022: \$14,906,000), 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.

	2024	2023
Losses carried forward - Botswana	\$ 4,691,000	\$ 4,466,000
Losses carried forward - Canada	10,861,500	10,087,000
Other	--	353,000
	\$15,552,500	\$14,906,000

The Canadian tax losses of \$10,861,500 (2023: \$10,087,000) expire from 2026 through to 2044. The majority of Botswana tax losses can be carried forward indefinitely providing the subsidiary companies continue their mining exploration activities.

9. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel (directors and officers) of the Company for the period ended September 30:

	2025	2024
Short term employee remuneration and benefits	334,476	290,127
Stock-based compensation	82,306	51,609
Compensation attributed to key management personnel	416,782	341,736

- During the period to September 30, 2025, a board member was issued notes payable in the amount of \$300,296 (2024: \$257,940) (see note 6). Interest accrues on notes payable at 8% per annum.
- As at September 30, 2025, there was a total of \$701,003 (2024: \$568,825) payables to related parties included within accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and are due on demand.

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10. SEGMENTED INFORMATION

The Company operates in one industry. As at September 30, 2025, the Company's property, plant, and equipment in Botswana was \$44,140 (2024: \$82,380) and exploration and evaluations properties in Botswana were \$2,517,086 (2024: \$5,730,533).

11. FINANCIAL INSTRUMENTS

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

The fair value of financial instruments is determined by valuation methods depending on hierarchy levels as defined below:

- (1) Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- (2) Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and,
- (3) Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments measured at fair value. The carrying value of the financial instruments measured at amortized cost approximates its fair value.

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, interest rate risk and foreign exchange risk. These risks are regularly 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 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 considering 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.

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 2025 and 2024. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has a working capital deficiency of \$4,302,550 as at September 30, 2025 (2024: \$3,534,096).

(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 cash balances. The Company limits exposure to credit risk through maintaining its cash with high-credit quality financial institutions. The Company's cash is held with major banks with high credit rating as determined by rating agencies.

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(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 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 financial instruments exposures as at September 30, 2025, a ten-percentage change in the exchange rate would result in approximately a (\$73,250) [2024: (\$54,500)] impact to the Company's net comprehensive loss.

The Company issues equity in Canadian dollars and the majority of its expenditures are in U.S. dollars. The Company purchases US 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.

Gcwihaba, a wholly owned subsidiary of the Company holds five (5) prospecting licenses. The five licenses combined have a proposed minimum exploration expenditure requirement of 10,024,560 BWP (\$739,110) if held for the full license term.

Exploration Activities

The Company's exploration activities are subject to various Botswana laws and regulations governing the protection of the environment. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Lease & Service Commitments

Due to the impact of the Covid pandemic, expenditures for both the Gcwihaba and Bosoto projects was greatly reduced from pre-pandemic levels.

Currently, the aggregate minimum annual payments are as follows:

Year	Facility	Term	BWP			USD*
			Yearly Rental	Services	Total	
2024	Hangar Maun ¹	2/01/2016 – 01/31/2026	190,720	28,608	219,328	16,270
2024	Shakawe Plot ²	1/01/2021 – 12/31/2025	78,720	-	78,720	5,840
2024	Gaborone ³	2/01/2024 – 1/31/2025	-	96,000	96,000	7,122
2024	Letlhakane Plot ⁴	2/21/2018 – 12/31/2068	30,000	-	30,000	2,226
Total						31,458

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

1. 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 taking place but to date, the lease transfer has not occurred. 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. As at February 1, 2025, the monthly lease payment is 15,992 BWP / month in addition to a fee of 15% of monthly rental for security and general maintenance at the airport complex.
2. The lease has an effective date of January 1, 2021, and is renewable at the Company's option for an additional 6 years expiring on December 31, 2025. The monthly lease payment for year 2025 is 6,560 BWP. The monthly lease payment is 6,490 BWP increasing 420 BWP annually in each successive year (see note 5).
3. The twelve-month service agreement has an effective date of February 1, 2024, and is renewable at the company's option for an additional year expiring January 31, 2026. The monthly lease payment is 8,000 BWP/month.

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4. The lease term has an effective date of February 2018. Newdico obligations under the lease are effective as of October 1, 2020. The lease cost is 30,000 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 cancellable by either party on six (6) months' notice.

13. LITIGATION

Litigation: On or about June 30, 2021, the Company's wholly owned Botswana subsidiary, Gcwihaba Resources (Pty) Ltd. (Gcwihaba) submitted prospecting renewal license applications for its Xaudum Iron Formation project in northwest Botswana. Of the then current 7 licenses, two licenses were relinquished in their entirety and 5 were submitted for renewal. Collectively 50% of the combined license area in the 7 licenses was relinquished pursuant to Section(s) 17 and 19 of the Mines and Minerals Act.

Four of the five licenses that contain the vast bulk of the exploration target in the Xaudum Iron Formation project were renewed as submitted, effective January 1, 2022, while the fifth license, PL020/2018, continued in renewal. Despite periodic inquiries as to the license renewal status, Tsodilo was first apprised of a possible reason for the continued delay on April 26, 2022, when the Minister of Minerals and Energy (MME) informed Gcwihaba that part of the area included in license PL020/2018 is in the buffer zone surrounding the Okavango Delta, a UNESCO World Heritage Property, and that any prospecting activities in that area would be subject to environmental assessment measures.

On April 27, 2022, Gcwihaba promptly responded by reminding MME that:

- (i) the license in question has existed in its present form since 2008, six years before the buffer zone was established by the State party and not by UNESCO;
- (ii) prior to establishment of the current buffer zone in 2014, significant exploration had already been conducted in that area and a compliant NI 43-101 Inferred Mineral Resource Statement prepared by SRK was submitted to the MME identifying a mineral resource of 441 Mt grading 29.4% Fe;
- (iii) when it was established in 2014, the current buffer zone encroached on a portion (169 Mt) of the Company's identified mineral resource; and
- (iv) the prospecting license including this area has since that time been renewed and re-granted multiple times without any controversy.

Gcwihaba also expressed complete agreement that prospecting, and mining activities were permitted in the buffer zone subject to various environmental standards and practices spelled out in Botswana law and further affirmed its commitment to comply with all such requirements and to develop the Xaudum Iron Formation project in an environmentally friendly manner. With apparent agreement as to the facts and applicable law, and with renewed and unequivocal assurance from Gcwihaba that it would be sensitive to environmental issues and would fully comply with all laws and regulations in this regard, it was expected that any concerns had been more than addressed and that the PL020/2018 license would now be renewed in short order.

However, in a letter received on June 15, 2022, despite its earlier clear statements to Tsodilo that exploration and mining could be conducted in the buffer zone, and a history of similar statements by the Botswana government in multiple earlier UNESCO filings, the Ministry advised that the PL020/2018 license would not be renewed if it included any areas located within the buffer zone.

To reach a mutually acceptable resolution, the Company filed a revised renewal application reducing the buffer zone area of the license block to only an area proximate to a paved airport landing strip, a hospital, a solar farm facility and a shopping center all established, extended, or rebuilt after 2014 and all within the buffer zone.

While the bulk of the Company's Xaudum Iron Formation resource remains free of any dispute, the area within the buffer zone is of sufficient value that the Company believes further efforts are appropriate to protect shareholder interest, and further believes that the conduct of the Botswana government in connection with the license renewal process has left no recourse other than seeking resolution in the courts. Accordingly, litigation was initiated on October 31, 2022, and an oral hearing was held in the High Court in Maun, Botswana on April 18, 2023.

On December 15, 2023, the High Court, Republic of Botswana rendered its judgement *In re Gcwihaba Resources (Pty) Ltd. vs. Minister of Minerals and Energy and the Attorney General of Botswana*, MAHMN-000075-22, and ordered:

- The decision of the 1st Respondent rejecting the application for the renewal of the Applicant's prospecting license (020/ 2018) is illegal, unreasonable and or irrational;

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- The decision of the 1st Respondent rejecting the application for the renewal of the Applicant's prospecting license (020/ 2018) is hereby set aside;
- The 1st Respondent is ordered and directed to renew, within 14 days of this order, the applicant's license (020/ 2018) subject only to justifiable safeguards necessary for the protection of the heritage area. Such safeguards are not to include any further demand for reduction or shifting of the license area or its coordinates;
- Following renewal, the 1st Respondent is ordered to align the effective dates of contiguous licenses PL 021-026/2018 with that of the renewed license;
- The Respondents shall pay the costs of these proceedings.

On March 4, 2024, PL's 020 – 024/2018, were issued with an effective date of April 1, 2024, for their first renewal period of two years.

On August 14, 2025, the High Court awarded that the Bill of Costs was allocated to the Respondent in the sum of BWP481,828.

14. NOTES TO THE UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Periods ended September 30	
	2025	2024
Net change in non-cash working capital balances:		
(Increase) decrease in accounts receivable and prepaid expenses	(2,768)	538
Increase (decrease) in accounts payable and accrued liabilities	190,480	44,501
Total	\$ 170,184	\$ 45,039
Non-cash Financing and Investing Activities:		
Issuance of common shares for accounts payable and accrued liabilities	6,620	\$ 16,074
Fair value of options exercised	--	\$ 30,908

15. SUBSEQUENT EVENTS

On November 16, 2025, 706,903 warrants priced at USD \$0.20 expired.