

TSODILO RESOURCES LIMITED

Commences Legal Action Against Botswana Ministry of Minerals & Energy

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TORONTO, ONTARIO - Tsodilo Resources Limited (TSX Venture Exchange: TSD) ("Tsodilo" or the "Company") (TSX- V: TSD) (OTCQB: TSDRF) (FSE: TZO) wishes to provide a corporate update with respect to its exploration and evaluation projects in Botswana.

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 the MME that

- (i) the license in question has existed in its present form since 2008, six years before the buffer zone was established;
- (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.

In an effort 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 and a shopping center all established, extended or rebuilt after 2014 and all within the buffer zone. To date, the Company has received no response to the revised license application.

For more detailed information on all the above, and in the interest of transparency, the Company has established a landing page regularly updated to include all records related to this matter. Please see <https://tsodiloresources.com/s/MME.asp.html>.

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, see. <https://tsodiloresources.com/s/BotswanaLitigation.asp.html>.

James M. Bruchs, Chairman and CEO of Tsodilo, stated "there is nothing more important to a junior mining and exploration company or to a multi-national resource corporation than the security of the tenure of its licenses. Without the sanctity of one's license, the business rationale for investing in a country or a project is questionable. Botswana has always differentiated itself from other countries because of its adherence to the *Rule of Law* and professes that adherence to the rule of law remains a cornerstone to its development."

"We believe this case is unique as both the government and the Company agree that mining and exploration can exist in the buffer zone. The facts and the law are not in dispute, and yet the license has not been renewed. We look forward to a speedy resolution of the matter in order to continue our work of bringing one of the largest if not the largest resource project in the country to development, creating jobs, opportunities and income for the Botswana. Our project will be designed at inception to be part of the trend in producing high quality and high value premium direct reduced iron feed quality products, that can be used to manufacture green steel with reduced GHG emissions as well as potentially reducing costs and improving steel quality", he added.

"It is an exciting time to be developing projects in Botswana, as shown by the African Import and Export Bank (Afreximbank) recently announced plans for a \$1.5 billion economic project package for Botswana to support key economic sectors such as mining, manufacturing, transport and agriculture. This would be the first major funding facility for Botswana by the Cairo-based multilateral lender, which last year was part of a group of banks that arranged a \$220 million facility to fund the expansion of Lucara's Karowe mine", he concluded.

XAUDUM IRON FORMATION (XIF)

About the XIF Project

- The project is located in the North-West District of Botswana and is proximate to the Namibian border and lies twenty-two (22) miles from the town of Divundu in Namibia. The Walvis Bay-Ndola-Lubumbashi Development Corridor (previously known as the Trans-Caprivi) line linking Zambia and Namibia is planned to pass through Divundu, providing access to Walvis Bay, Namibia's deep-sea port. The project is also located

within forty-three (43) miles of the proposed Mucusso line to Angola's Namibe Port.

- Preliminary work on the Xaudum Iron project has defined a CIM compliant Inferred Mineral Resource Estimate of 441 million tonnes (Mt) with an average grade of 29.4% Fe, 41.0% SiO₂, 6.1% Al₂O₃ and 0.3% P for the Block 1 magnetite XIF.
- Block 1 is a fraction of the potential XIF magnetite resource. An extrapolated exploration target has defined the XIF to be in the order of 5 to 7 billion tonnes at 15 - 40% Fe. This exploration target was generated by inversion modelling of ground magnetic geophysical data which was compared and moderated to volumes from drilling data within Block 1 and its potential quantity and grade is conceptual in nature. To date, there has been insufficient exploration to define a mineral resource other than in Block 1 and it is uncertain if further exploration will result in the target being delineated as a mineral resource. See **Press Release of 9/14/2014** on the Company's website for further details.
- Metallurgical magnetic separation results (Davis Tube Recovery) show that an average concentrate of 67.2% Fe, 4.2% SiO₂, 0.5% Al₂O₃, 0.07% P is obtained at P80 grind size of 80 microns, although higher grades are possible at finer P80's. See **Press Release of 12/17/2013** on the Company's website.
- Further exploration will be focused on Block 2a where the Company expects an increase in the resource.

An informational presentation of the project outlining more information can be found on the Company's website at www.tsodiloresources.com/i/pdf/Tsodilo-Iron-Project-Overview_May-2021_Website.pdf.

More technical information can be found in a report prepared by SRK Consulting (UK) Ltd. for Gcwihaba Resources (Pty) Ltd. titled "Mineral Resource Estimate for the Xaudum Iron Project (Block 1), Republic of Botswana" with an effective date of August 29, 2014 and filed on SEDAR under the Company's profile at www.sedar.com.

About Tsodilo Resources Limited

Tsodilo Resources Limited is an international diamond and metals exploration company engaged in the search for economic diamond, metal deposits and industrial stone at its Bosoto (Pty) Limited ("Bosoto"), Gcwihaba Resources (Pty) Limited ("Gcwihaba") and Newdico (Pty) Ltd. ("Newdico") projects in Botswana. The Company has a 100% stake in Bosoto (Pty) Ltd. which holds the BK16 kimberlite project in the Orapa Kimberlite Field (OKF) in Botswana and the PL216/2017 diamond prospection license also in the OKF. The Company has a 100% stake in its Gcwihaba project area consisting of five metal (base, precious, platinum group, and rare earth) prospecting licenses all located in the North-West district of Botswana. The Company has a 100% interest in its Newdico industrial stone project located in Botswana's Central District. Tsodilo manages the exploration of the Newdico, Gcwihaba, and Bosoto projects. Overall supervision of the Company's exploration program is the responsibility of McDonald Kahari (Pr. Sci. Nat.) a "qualified person" as such term is defined in National Instrument 43-101.

FOR FURTHER INFORMATION, PLEASE CONTACT:

James M. Bruchs

Website

Chairman and Chief Executive Officer

Telephone +1 416 800 2124

www.TsodiloResources.com

JBruchs@TsodiloResources.com

Facsimile + 1 416 987 4369

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