

TSODILO RESOURCES LIMITED

DIAMOND CORE DRILL RIG COMMISSIONED COMMENCEMENT OF DRILLING PROGRAM KIMBERLITE CONFIRMED AT A41

August 1, 2006

TORONTO, ONTARIO - Tsodilo Resources Limited (the "Company") (TSX Venture Exchange: TSD) is pleased to announce the onsite commissioning of the Company's newly acquired Atlas Copco CT 14 diamond core drill rig; the commencement of an extensive drilling program and confirmation of kimberlite at target anomaly A41.

MOTIVATION FOR DRILL RIG ACQUISITION

The booming commodities markets have resulted in greatly increased exploration activity in Southern Africa which in turn has created a scarcity of drilling contractors, so Tsodilo's Botswana subsidiary, Newdico (Pty) Ltd, decided to purchase its own drill equipment which arrived on site on 23rd July. After much research of available equipment, a new Atlas Copco CT 14 diamond core rig was ordered and subsequently mounted on an IVECO 420 TRAKKER 6x6 truck at Atlas Copco's facility in Sweden. An additional three 6x6 IVECO 420 TRAKKER trucks were purchased to supply water, diesel fuel and drilling supplies to the rig. The IVECO 420 TRAKKER truck was specifically designed with the African market in mind and the Company's vehicles are among the first units to be delivered on the continent.

The acquisition of drilling capability will allow Tsodilo to markedly increase the flow of new drill results to the market as well as allow a substantial reduction in costs as drill contract rates have escalated dramatically due to increased demand for drilling services.

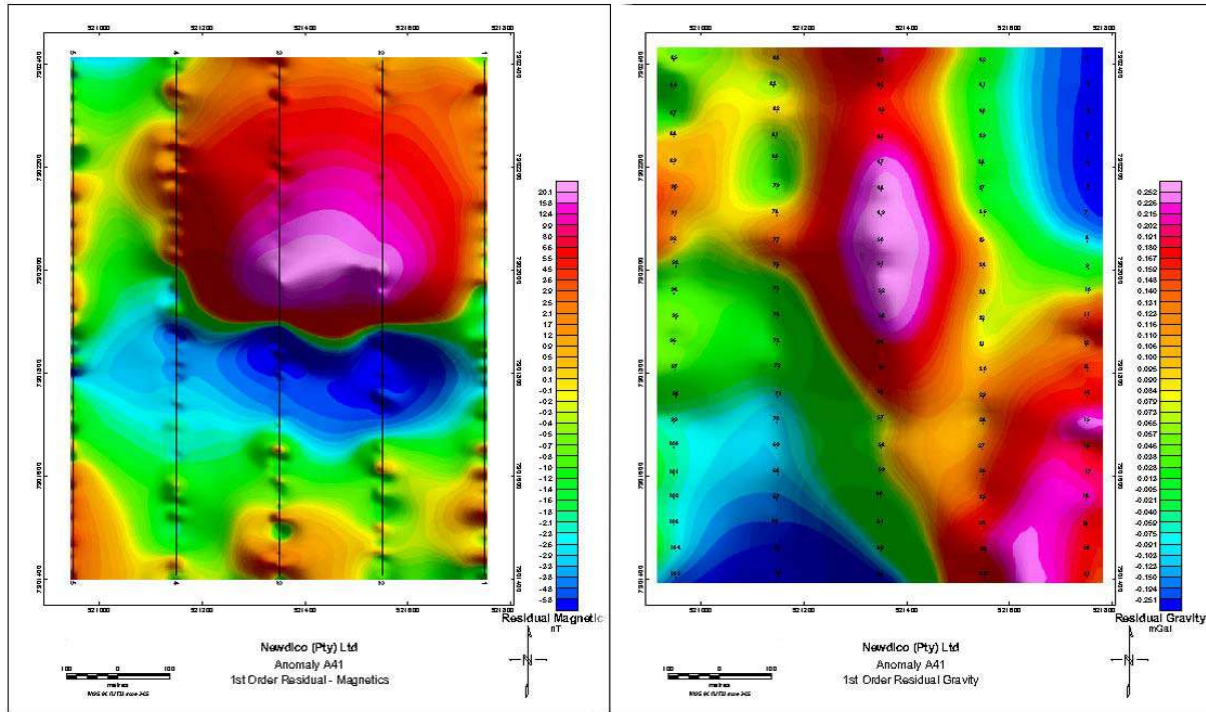
DRILL RIG COMMISSIONED

Commissioning of the drill rig began on July 24 when the rig was moved onto the site of the A41 airborne magnetic anomaly. Drilling started on the 26th with rotary mud drilling through the loose Upper Kalahari aeolian sands and was completed with HQ diamond core drilling.

KIMBERLITE A41

Ground gravity and magnetic surveys carried out over A41 suggest that the kimberlite is slightly elongate, measuring approximately 400 meters north-south and 400 to 500 meters east-west. The ground magnetic and gravity survey results are illustrated below.

Kimberlite A41 is located some 21 kilometres due east of the Botswana / Namibia border and is located in the southern part of a group of 23 kimberlites previously discovered in the Nxau Nxau region of the Ngamiland project area.



DRILLING RESULTS

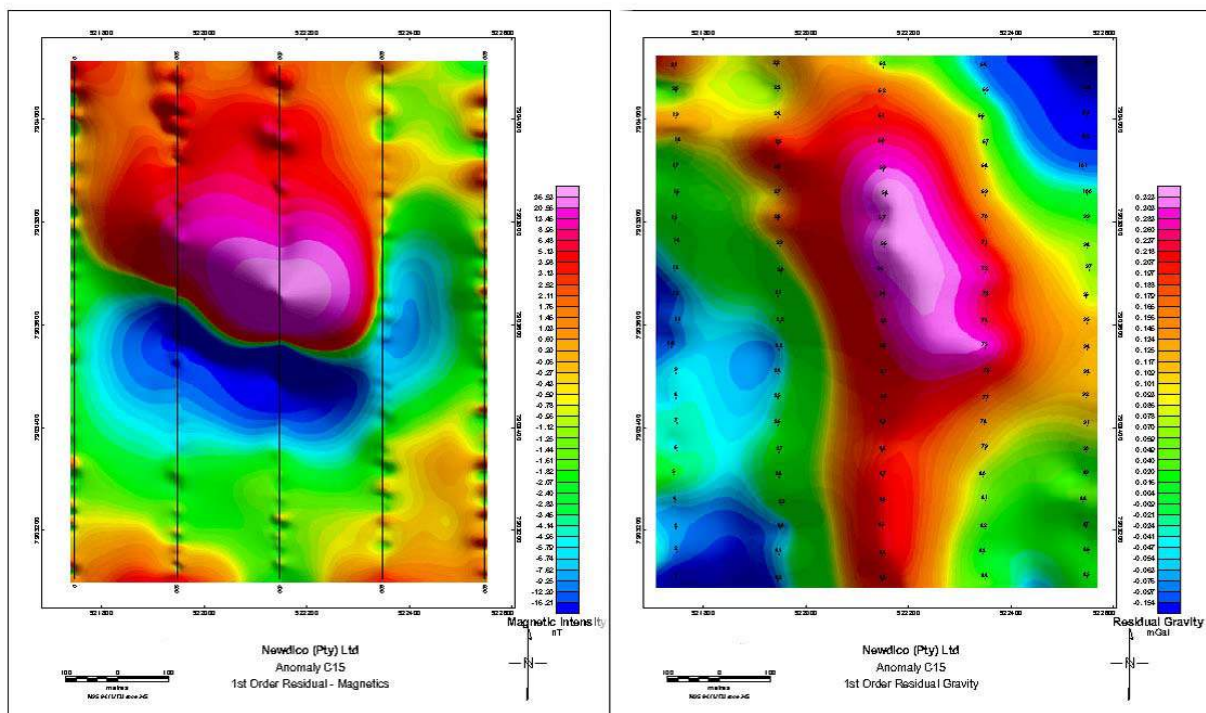
After rotary drilling through the overlying 19 meters of aeolian sand, hard calcrete was intersected at the base of the Upper Kalahari sequence and casing was installed. Diamond core drilling commenced and fine grained, weathered tuffisitic claystones were intersected from 44 meters depth. These fine grained kimberlitic crater sediments persisted to 66 meters when a sequence of coarse, grain and matrix supported pebble conglomerates were intersected. The pebble conglomerates consist of rounded to angular fragments of dolomite, tuffisitic claystone and quartzite set in a quartz and tuff groundmass. At a depth of 80 meters, the hole passed out of these kimberlite crater sediments and intersected highly fractured basement dolomitic marbles which continued to the end of the hole at a depth of 102 meters.

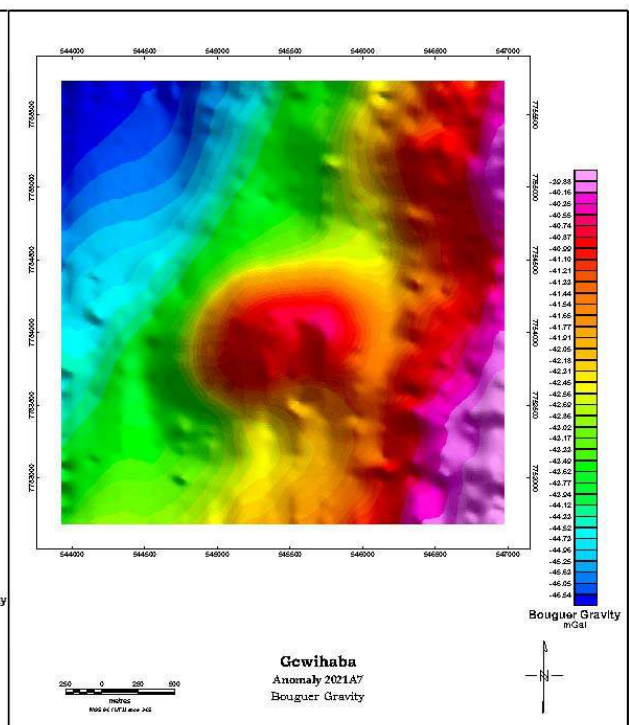
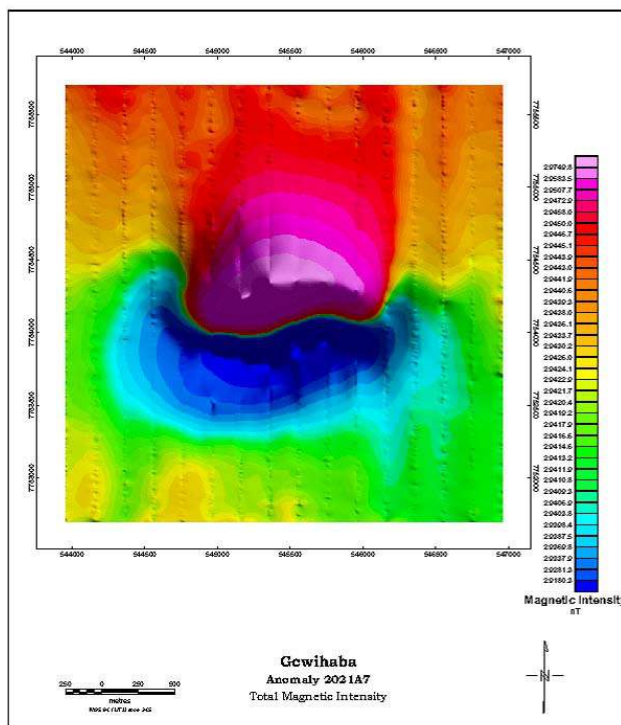
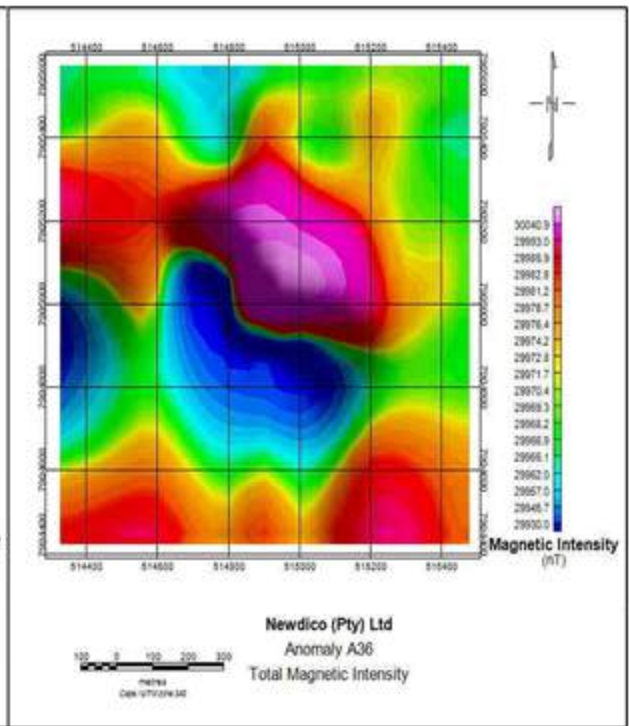
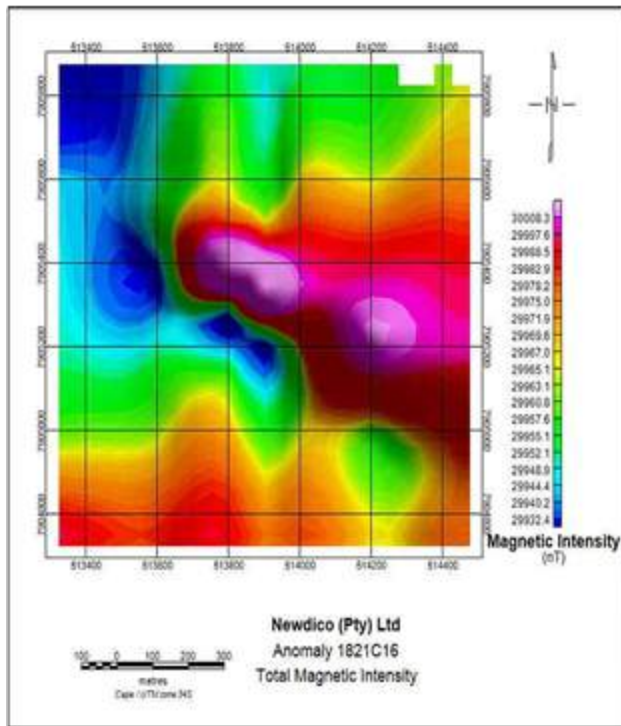
Drilling has demonstrated that the A41 target has a restricted (44 meters) cover of Kalahari sediments. The upper sections of the kimberlite are dominated by fine grained tuffs with coarser sediments prominent at deeper levels. The ubiquitous presence of ilmenite suggests that these rocks represent the upper sections of a kimberlite crater sequence. A more detailed petrological examination and the recovery and probing of kimberlite indicator mineral grains will be carried out to determine the diamond bearing capacity of the A41 kimberlite before further drilling to locate the centre of the pipe and to collect kimberlite samples for micro-diamond analysis is done.

CURRENT EXPLORATION PROGRAM

The Company's exploration strategy of geophysical survey and surface sampling followed by drill evaluation has been successful in locating 24 kimberlites among the mafic Karoo dykes in northwest Botswana. The Nxau Nxau kimberlite field is located over the southern portion of the Angola/Congo craton and represents an excellent target for exploration in a region of southern Africa that is known to host major economic diamond deposits. The Nxau Nxau kimberlite field is thought to host an economic diamond-bearing kimberlite that provided the macro-diamonds found down slope to the west in Kalahari alluvial deposits located at Tsumkwe and Omatako. The drill-confirmed discovery of 24 kimberlites in the Nxau Nxau field, with at least 4 of these being diamondiferous, confirms the ability of the exploration strategy to pinpoint kimberlite of very deep-seated origin in an extensional region with a suitably low geothermal heat flow.

The exploration team will drill some 22 targets in the Nxau Nxau area during the current program which is expected to be complete by the end of 2006. Airborne magnetic anomaly C15 and a group of 3 circular anomalies along a dyke-like feature connecting anomalies A36 and 1821 C16 as well as the large 2021 A7 target in the Company's southern license block are just some of the priority targets to be drilled in the next few months.





In addition to the target anomalies selected for drill testing, two section lines to locate and evaluate Kalahari paleo drainage channels will also be drilled late in the 2006 season and hopefully aid in locating the source area of the secondary G10 and diamond deposits at Tsumkwe and Omatako.

Tsodilo Resources Limited is an international diamond exploration company engaged in the search for economic kimberlites at its Newdico (Pty) Limited (“Newdico”) and Gcwihaba Resources (Pty) Limited (“Gcwihaba”) projects in northwest Botswana. The Republic of Botswana is the largest producer of diamonds, by value, in the world. Tsodilo has an 89% stake in Newdico (16,800 sq. km under diamond license) while Trans Hex Group, a South African diamond mining and marketing company, holds the remaining 11%. The southern Gcwihaba project area (6,703 sq. km under diamond license and 3,780 sq. km under base and precious metals licenses) is 100% held by the Company. Tsodilo Resources Limited manages the exploration of both the Newdico and Gcwihaba license areas. The design and conduct of the Company's exploration program is the responsibility of Peter Walker, a qualified professional geologist registered with the South African Council for Natural Scientific Professions. Please visit the Company's website, www.TsodiloResources.com, for additional information and background on our projects.

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