TSODILO RESOURCES LIMITED

Management's Discussion and Analysis
And
Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2019
(Unaudited)

The Management's Discussion and Analysis has been authorized for release by the Company's Board of Directors on November 25, 2019

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of the Company and the notes thereto for the periods ended September 30, 2019 and 2018. The Company's condensed 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, Gcwihaba and Bosoto which have a functional currency of the Botswana Pula and one South African subsidiary which has a functional current of the South African Rand. This management's discussion and analysis has been prepared as at November 25, 2019.

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 161 Bay Street, P.O. Box 508 Toronto, Ontario, Canada, M5J 2S1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Toronto Venture Stock Exchange (TSX-V) 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 Republics of Botswana and South Africa. 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.

The Company is also actively reviewing additional diamond and base and precious metal opportunities within southern Africa.

Outstanding Share Data

As of November 25, 2019, 45,347,310 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, 3,375,000 options are outstanding of which 2,581,250 are exercisable at exercise prices ranging from CAD $0.17 - $1.05.

Outstanding Options

Expiry Date	No. of Option Shares Outstanding	Exercisable	Exercise Price (CAD)
January 2, 2020	200,000	200,000	$1.05
March 27, 2020	200,000	200,000	$0.83
September 1, 2020	100,000	100,000	$0.70
January 4, 2021	200,000	200,000	$0.72
April 8, 2021	250,000	250,000	$0.79
January 2, 2022	200,000	200,000	$0.69
April 3, 2022	400,000	400,000	$0.85
January 2, 2023	200,000	200,000	$0.65
March 26, 2023	500,000	500,000	$0.55
January 2, 2024	200,000	100,000	$0.28
June 6, 2024	925,000	231,250	$0.17
Total	**3,375,000**	**2,581,250**	

As of November 25, 2019, there are no warrants outstanding.

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 25, 2019, are as follows:

Name	Description	Shares Owns, Controls or Directs	% of the Issued and Outstanding Shares
Azur LLC	Private Investment Vehicle	4,996,065	11.02%
Lucara Diamond Corporation	Diamond Mining Company	4,476,773	9.87%
David J. Cushing	Investor	4,327,579	9.54%
JP Morgan Asset Management	Global Investment Advisors	3,581,413	7.90%
James M. Bruchs	Chairman and CEO	2,285,619	5.04%
First Quantum Minerals	Global Mining Company	2,272,727	5.01%

Exploration Activities 2019

Subsidiaries

- ◊ The Company holds a 100% interest in its Botswana subsidiary, Gcwihaba (Pty) Ltd ("Gcwihaba") which holds seven (7) metal (base, precious, platinum group, and rare earth) prospecting licenses in the North-West District.
- ◊ The Company holds a 100% interest in its Botswana subsidiary, Bosoto (Pty) Limited ("Bosoto"), which holds two (2) precious stone prospecting licenses, PL 369/2014 for the area which contains the BK16 kimberlite and precious stone prospecting license PL217/2016.
- ◊ The Company holds a 100% interest in Newdico (Pty) Ltd ("Newdico") which has applied for a prospecting license and is actively reviewing land packages to make application for additional prospecting licenses. Newdico also provides administrative, operational, exploration, geophysical and drilling services to the Company's other subsidiaries.
- ◊ The Company holds a 70% interest in its South African subsidiary, Idada Trading 361 (Pty) Limited ("Idada"), which holds a gold and silver exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area.
- ◊ The Company holds a 100% interest in Tsodilo Resources Bermuda Limited to which the shares of its operating subsidiaries are registered.

1. DIAMOND PROJECTS

The Company holds two prospecting licences for precious stones, registered to Bosoto. These licenses are summarized in Table 1.

Table 1

Precious Stone Prospecting Licenses as at September 30, 2019

PL Number	Km^2	Grant Date	Expiry or Renewal Date	Current Stage	Expenditure[1] Per Annum (BWP)		Total Expenditure from Grant Date and if held to Full License Term	
					Rental Fee	Work Program	BWP	USD as at 9/30/2019
PL 369/2014	1.02	10/01/19	9/30/21	2nd Renewal	1,000	20,000,000 20,000,000	40,002,000	3,724,220
PL 217/2016	580	01/01/17	12/31/19	Initial Grant	2,900	800,000 1,250,000 80,000[2]	2,138,700	199,715

[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.
[2] Change in work program during the second quarter 2019

PL369/2014 (BK 16)

Tsodilo was granted prospecting license (PL369/2014) over the BK16 kimberlite pipe through its Botswana subsidiary, Bosoto Pty (Ltd) 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 in the third quarter of 2019 effective October 1.

The diamondiferous BK16 kimberlite pipe is located within the Orapa Kimberlite Field (" OKF") in Botswana and covered by ~25 meters (m) of Kalahari Group sediments. BK16 is located 37 kilometers (km) east-southeast of the Orapa Diamond Mine AK01, 25 km southeast of the Damtshaa Diamond Mine, and 13 km north-northeast of the Letlhakane Diamond Mine, all operated by Debswana and 28 km east-northeast from Lucara Diamond Corporation's Karowe Mine (AK6).

The OKF contains at least 83 kimberlite bodies, varying in size from insignificant dykes to the 110 hectares (ha) AK01 kimberlite pipe. Ages of emplacement are Cretaceous and range from 111 Ma for Lethlakane-DK01 (Letlhakane Mine) to 85 Ma for Orapa-AK01, representing a protracted period of kimberlite magmatism lasting approximately 20 million years. Of the 83 known kimberlite bodies, eleven (11), AK01, AK02, AK07 (Orapa, Debswana); AK06 (Karowe, Lucara Diamond Corporation); BK01, BK09, BK12 and BK15 (Damtshaa, Debswana); DK01 and DK02 (Letlhakane, Debswana); BK11 (Firestone Diamonds), are currently being or have been mined.

In July 2016, Tsodilo Resources Bermuda Limited completed a share repurchase and royalty fee agreement with its Bosoto (Pty) Ltd minority shareholders. The minority shareholders' 25% equity interest was purchased for a 2% gross proceeds royalty derived from the sale of diamonds mined from Bosoto's BK16 kimberlite project. The result of this transaction resulted in Tsodilo having a 100% interest in Bosoto and its BK16 exploration project.

Summary of Work Performed as at September 30, 2019

The Company was granted the prospecting license in October 2014 and moved to undertake detailed ground magnetic and gravity surveys over the license area which defined the surface area of BK16 as ~5.9 ha which is a substantial increase from the previous historical estimate of 3.5 ha. A 3,662 meter (m) core drilling program followed which led to a significantly updated geological model identifying the main kimberlite phases and revealed that the dilution zone around the historical shaft and tunnel system was limited to an upper central part of the kimberlite rather than covering the entire kimberlite as previously proposed.

To assess the diamond value of the kimberlite, a Phase I mini-bulk sampling program consisting of fourteen (14) 24 inch Large Diameter Drilling (LDD) drill-holes totaling 3,121 meters was initiated. This program extracted 2,077 tonnes (calipered) of kimberlite. These LDD drill-holes were advance drilled by a 3,220 m core pilot drill-hole program which tested the geological model for accuracy ahead of the LDD program.

The Phase I LDD samples (243) were processed at the Company's dense media separation (DMS) plant ahead of X-Ray diamond separation and final hand sorting at the Company's secure recovery unit. The diamond recovery resulted in 509 diamonds weighing 78.403 carats.

Diamonds recovered in the Phase I program were studied by third-part qualified industry experts who concluded:

- ◊ sample average price for this sample was US$176.44 per carat (see, Table 2);
- ◊ BK16 contains very high-quality diamonds dominated by highly marketable shapes and contained no boart;
- ◊ diamond breakage was very low;

- ◊ 3.8% of these diamonds were positively identified as Type IIa of mainly D color.

The Company retained the services of an industry leading expert in size frequency distribution (SFD) modelling to model the SFD of the BK16 kimberlite. The SFD of the diamonds recovered from the LDD samples indicated that the size distribution of BK16 could be coarser than several producers in southern Africa. There are indications that BK16 could have a broadly similarly coarse shaped size distribution to that of the Lucara's Karowe Mine (Botswana), Petra Diamonds' Premier Mine (South Africa), and Lucapa Diamond's Mothae Mine (Lesotho). This course distribution could be extrapolated to indicate that BK16 has the potential to host ~2-5% large special stone of over 10.8 carats in size (which compares favorably with Lucara Diamond Corp.'s Karowe Mine (AK6) production of specials.

The SDF modelling was further used to extrapolate the likely in-situ or "run of mine" value and grade of BK16, where the diamond value was modelled at US$ 281 to US$ 792 and the grade was modelled at 4 to 8 carats per hundred tonne (cpht), see the detailed breakdown in Table 3. These were achieved by forward modelling to a full kimberlite run of mine projection based on the SFD data for the Phase I LDD diamonds. The SFD study concluded that there is a clear under sampling of coarse stones thus far at BK16 which adds significant uncertainty to the grade and value modelled. This uncertainty is explained by the fact that the current 2,077 dry metric tonne LDD sample represents a distinct under sampling of the true SFD of the BK16 kimberlite (~0.01% of the total kimberlite body). This under sampling explains why the sample grade and diamond value are well below the modelled grade and value, and thus why the value and grade modeling reported are so important and should be considered a more accurate reflection of a likely BK16 run of mine production. These very positive Phase I results suggests that BK16 has the potential to become a mineable asset.

Table 2

Phase I diamond valuation details.

Parcel	# of Diamonds	Total Carats	US$ / Carat
1	94	17.045	$195.45
2	130	17.700	$196.37
3	278	43.195	$161.03
All	502	77.940	$176.44

Table 3

Phase I SFD modelled grade, diamond value and kimberlite value.

Variable	Unit of Measure	BK16 Sample	Current BK16 SFD Study			
			Min	P20	P80	Max
Grade	cpht	3.8	4	5	7	8
Diamond Value	US$/carat	177	281	290	600	792
Kimberlite Value	US$/tonne	6.6	11	15	38	67

Future Plans and Outlook for BK16

The encouraging results from the Phase I program justifies moving onto Phase II which is to increase the number of carats recovered significantly by processing a far larger sample which will lead to an increase in the certainty of the grade and diamond value. Phase II will consist of the following:

Phase II Surface Bulk Sampling:

- ◊ Extract ~20,000 metric tonnes of kimberlite to obtain 800 to 1,600 carats of diamonds;
- ◊ Significantly improve the understanding of the grade of the deposit in carats per hundred tonnes (cpht);
- ◊ Solidify further the accuracy of the high diamond value in US$ per carat;
- ◊ Further confirm the presence and quality of the Type IIa diamond population;

- ◊ Confirm the presence of larger stones and demonstrate that BK16 will be a significant producer of special stones above 10.8 carats and >100 carat stones;
- ◊ Define an inferred resource; and,
- ◊ Further refine the accuracy of the economic fundamentals of the project to move towards detailed feasibility studies and ultimately mining.

Since the completion of Phase I, the Company has been developing the Phase II program with third-parties to ensure that sufficient carats are obtained in the most cost effective and viable manner. It was determined that a surface bulk sample of a box-cut style design will be the most economic and viable option for Phase II. To this end a number of contract mining companies were contacted to quote on this surface bulk sample. Tsodilo has held advanced discussions with Trollope Botswana (Trollope) for the purpose of undertaking the box-cut style surface bulk sampling program on behalf of the Company. Trollope is the main contract mining company at Lucara's Karowe mine (AK6) located 25 kilometers south-west of BK16. Trollope has the experience and expertise to conduct this surface bulk sample in an efficient, safe and professional manner. Tsodilo is also exploring the possibilities of including a continuous miner type technology for this project and are in discussions with Vermeer and Tesmec on the viability of this option.

The envisioned Phase II surface bulk sampling of this type constitutes standard industry practice for diamond exploration of kimberlites like BK16 to gain enough carats for an effective economic analysis. The Phase II bulk sample design will be a basic small and shallow box-cut style bulk sample. Twenty-five (25) meters of over-burden will be stripped to expose the kimberlite below resulting in a depth of the box-cut design of 30 - 35 meters. The bulk sample design plans are being finalized and these along with a rehabilitation design will be verified by an independent qualified mining engineer prior to final consultation with and approval by the Department of Mines (DOM).

PL217/2016

PL 217/2016 was acquired in the second quarter of 2017. The license has an effective date of January 1, 2017 for an initial period of 3 years followed by two 2-year renewals. During the quarter a letter was sent to the Department of Mines and staff at the Ministry of Minerals and Resources, Green Technology and Energy Security detailing some further explanation of our Modification to the Prospecting program for Bosoto PL21/2016 that was filled in the last quarter, where we modified the expenditures and expanded on the rational for these modifications, and is currently pending.

Further to this, a relinquishment report and first renewal application was filed with the Department of Mines during the quarter relinquishing 49.2% of the current licenses and retaining 50.8 %, see Table 4 below.

Table 4

Details of relinquished areas

PL Number	Area (km²)			Percentage Area (%)	
	Original	Relinquish	Renew	Relinquish	Renew
PL217/2016	580	285.28	294.72	49.2%	50.8%

The license lies within the OKF and is situated some 10 km south of the Orapa Mining area and with the same distance to the west of the Letlhakane Mining lease. It surrounds the Karowe Mining lease, while the BK11 prospect is directly to the east of the licence. Other kimberlites occur along its northern and eastern borders. The licence is highly prospective for kimberlites but also has the potential to contain secondary diamond deposits associated with the paleo-drainage network in the area. The present drainage is to the north and erosion of the kimberlites would have resulted in the residue, including diamonds, to have been transported in the same direction. The focus of the exploration work would therefore be not only on finding kimberlites but also to assess the geomorphology in the search for paleo-channels and alluvial diamond deposits.

Summary of Work Performed as at September 30, 2019

A novel mix of remote sensing strategies which involved studying in combination air magnetic surveys; Aster LT1; Aster GED Emissivity; Landsat ETM 7+; Landsat LC08, Landsat 8 False Color, Shuttle Radar Topography Mission (SRTM) digital elevation models (DEM); and regional digitized geology, helped identify a number of potential alluvial and kimberlite targets for further exploration.

This initial investigation lead to a program of ground magnetics surveys over these targets which were conducted in two stages, and totaled 246 survey line km. This further refined the understanding of the area and identified 12 kimberlite targets of which 5 are high priority. Additional high-resolution ground gravity surveys followed and were conducted along lines perpendicular to the previously identified paleo-channels and also down stream of AK6 and BK11. Modelling of the ground magnetic and ground gravity data led to the identification of a number of paleo-channels. Where alluvial gravel paleo-channels have characteristically lower densities, and as such can be identified as having a lower gravity than the surrounding area. This modelling indicated significant overlaps between these ground geophysical surveys and the remote sensing interpretations for the locations of subsurface paleo-channel alluvial targets. Several prospective paleo-channel targets close to present-day drainages at ~15 to 40m below surface have been noted. Those channels may contain alluvial diamonds sourced from AK6 (Karowe / Lucara Diamond Corp.) and BK11 (Firestone Diamonds) and could contain large diamonds that are characteristic of AK6.

The OKF's age ranges from 101 Ma to at least 88 Ma indicating that the erosion levels of the various kimberlites will be different. These differences have geomorphological implications which have led to a refinement of our understanding of the alluvial potential in the area and led to the development of a new geomorphological model of the area in order to prioritise targets, where there are now 4 high priority alluvial targets, alongside the 5 high priority kimberlite targets.

A detailed ground magnetic survey was conducted in the quarter over a small annexed portion of the license located just east of the Letlhakane Mine which up till now was not studied in detail. This was to investigate some subtle kimberlite anomalies in the regional aeromagnetic data, and also to map out any ancient paleo-channels within the area. A total of 49 north-south regular lines and 1 tie line (oriented east-west for levelling purposes) were completed, covering 201 line kilometres in total. The average length of the regular and tie lines was 4 km and 2.4 km respectively. The number of magnetic points recorded was 53,487 and the grid area was 9.5 km^2. The results for this ground magnetic survey conclude there is no potential for either a kimberlite or a diamondiferous paleo-channel within this part of the license, as the paleo-flow direction is in the wrong direction to source diamonds from the Letlhakane mine. Further to this, it was determined that in some paleo-channels are infilled with basalt which is older than the kimberlites in the area. As such no further work is warranted and hence this small annexed area has been wholly relinquished.

Future Work on PL217/2016

The initial exploration results for the remaining ground within this prospecting license are encouraging and require further investigation. The next exploration program will consist of:

- ◊ further high definition ground magnetic surveys over the license to further test for other potential diamondiferous paleo-channels;
- ◊ a soil sampling program has been planned to help delineate drilling targets by identifying kimberlite indicator areas around some of the kimberlite targets identified;
- ◊ this will lead to a prioritized drill program to test the alluvial targets and the kimberlite targets.
- ◊ If successful and diamonds are identified in either the alluvial targets or the kimberlite targets this will led to a bulk sampling programs of these successful prospects.

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

The Company's current seven Prospecting Licences have evolved with time into a package which covers some 4,920.50 km^2 (Table 5).

Table 5: Gcwihaba Metal Licenses as at September 30, 2019

PL Number	Km²	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	USD as at 9/30/19
PL 020/2018	570.00	10/01/18	9/30/21	Initial Grant	2,850	240,000+	248,550	23,533
PL 021/2018	964.90	10/01/18	9/30/21	Initial Grant	4,825	240,000+	254,475	24,094
PL 022/2018	317.10	10/01/18	9/30/21	Initial Grant	1,586	240,000+	244,758	23,174
PL 023/2018	978.60	10/01/18	9/30/21	Initial Grant	4,893	240,000+	254,679	24,113
PL 024/2018	807.30	10/01/18	9/30/21	Initial Grant	4,037	240,000+	252,111	23,870
PL 025/2018	454.50	10/01/18	9/30/21	Initial Grant	2,273	240,000+	246,819	23,369
PL 026/2018	828.10	10/01/18	9/30/21	Initial Grant	4,141	240,000+	252,423	23,900
	4,920.50				24,605		1,753,815	163,282

+ 1st year 70,000 BWP; 2nd year 80,000 BWP; and 3rd year 90,000 BWP

The Company's exploration work had initially indicated that the sulphide-rich Matchless Amphibolite Belt ('MAB') traversed the Company's southern licences in northwest Botswana in an area where the Damara Belt connects with the Lufilian Arc (Katanga Formation). Petrology, geochemistry and geochronology work was conducted by AEON's (Africa Earth Observatory Network) research group located at the NMMU (Nelson Mandela Metropolitan University) in Port Elizabeth, South Africa. This work identified Archaean granite-gneisses between 2.5 and 2.6 Ga in age in Ngamiland, whilst paleo-Proterozoic granites (ca. 2.0 Ga) seem to have been tectonically interlayered with Copper Belt (Lufilian Arc)-equivalent meta-sediments (including graphitic phyllites, schists, marbles (carbonates), diamictites, and iron formation), metabasites and gabbros (535 Ma), all of which were intersected during the initial drilling program by the Company.

Three separate mineralization domains have been delineated. These are, (1) sulphide mineralization associated with Neoproterozoic meta-sediments, (2) base and precious metals and REE showings associated with skarns linked to the 535 Ma age basic intrusions, and (3) a large magnetite deposit (Xaudum Iron deposit) again associated with Neoproterozoic meta-sediments which the Company is presently evaluating (Table 6).

Table 6: Main mineralogical domains identified during the Phase 1 drill program

Sedimentary Cu/Co (Katanga type sediments) in the central shale belt	Central African Copper Belt-style sedimentary rock-hosted copper showings at multiple stratigraphic levels, spatially associated with faults	Copper Cobalt and other metals
Sepopa Cu/Au Skarn deposit (possible Iron Oxide/Copper/Gold deposit (IOCG))	Iron-copper skarns associated with ~535 Ma basic intrusions	Copper, Gold and Iron
Xaudum Magnetite Banded Iron Formation (XIF)	Layered and massive BIF Rapitan type Fe Formation closely associated with the Grand Conglomerate	Iron and Gold

2.2 XAUDUM IRON FORMATION (XIF)

The metal licenses which contain the XIF project and the prospective copper targets, were renewed in their entirety ffective October 1, 2018 for an initial term of three (3) years with two 2-year renewals.

The XIF is a banded magnetite iron formation intimately associated with glacial diamictites and is the cause of the large Xaudum Magnetic Anomaly that extends over 35 km in a north-south direction with several magnetite bands that occur over a width of several kilometres.

Summary of Work Performed as at September 30, 2019

Exploration of the XIF is driven by geophysics as there is no outcrop and there is significant Kalahari cover overburden of sands and calcrete. To this end, the Company has completed over 1,800 km^2 (~20,000 line kms) of ground magnetics to define the extent of the highly magnetic XIF, which has been used to drive the resource drilling program. Drilling of Block 1, at the northern part of the XIF deposit, was completed with 156 drill holes totalling 30,935 meters of drilling (~19 miles). This drilling 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 iron resource. Davis Tube Recovery (DTR) metallurgical test work showed that all major mineralised units are capable of producing 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 is 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.

A Phase II evaluation drilling program has begun within the next major XIF magnetic anomaly area, referred to as Block 2. This Phase II evaluation is expected to result in a significant XIF mineral resource upgrade where the company expects in due course to define ~2 billion tonnes of total Fe mineralisation based on our Exploration Target understanding.

Future Plans and Outlook for the XIF Project

The XIF will produce a premium ore concentrate, these premium ore concentrates with an Fe content above 65% Fe can increase high quality steel output and produce substantially lower waste and emissions as higher-grade ore uses substantially less coal per unit of steel than the cheaper lower grade ores that have been the previous main stay for global steel production. Global demand for these high-grade premium iron ore products and high end concentrate products like the XIF will produce are currently out stripping demand for normal lower grade direct shipping iron ore products from standard producers in Australia, India and South Africa etc. and currently command an even higher premium than they have historically over standard ores. As such the company is currently exploring options for developing the XIF resource. To this end the Company is looking to initiate 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.

2.3 KATANGAN META-SEDIMENTS

General geology

Southeast and east of the XIF Iron project are north-north-west to north-north-east trending mineralized meta-sediments in what is referred to as the Central Shale Basin. This meta-sedimentary sequence is very similar to the parts of the stratiform Cu-Co (Copper-Cobalt) province of the Central African Copper Belt (CACB) and is identical to the host rocks of the Kalumbila Cu-Ni-Co deposit in western Zambia. These phyllites (black shales), meta-pelites, meta-arenites, and marbles (carbonates) with evidence of evaporate minerals, in particular bear strong resemblance to the Mwashya rocks in Zambia. Most lithologies are mineralized with pyrite, pyrrhotite, chalcopyrite and bornite.

The majority of these Katangan Group meta-sediments intersected in drilling are interpreted to belong to the Mwashya Sub-Group (phyllites, marbles, and meta-pelites units) of the Roan Group, or the Grand Conglomerate Formation (diamictite and associated units) of the Nguba Group, occurring on each side of the ‘basement high’. The majority of the drilling has taken place within these two stratigraphic groups. The drilling has shown diamictite alternating with phyllite, marble, and meta-pelite packages which is attributed to repetition by bedding-parallel thrust faults. The distribution of magnetite-facies XIF is restricted to the diamictite on the western side of the basement-high, and this probably reflects differences in seawater chemistry across the ‘basement high’ during the Sturtian Glaciation.

Summary of Work Performed as at September 30, 2019

Tsodilo has explored metal targets within these Katanga meta-sediments for a number of years with some success in identifying Cu and Co metal target areas and proof of concept for further exploration. This led to Tsodilo entering into a joint venture (JV) with First Quantum Minerals Ltd (FQM) in 2013. Whereby FQM signed a Memorandum of Understanding (MoU) with Tsodilo Resources Ltd. (Tsodilo) in April, 2013 and an ‘Earn-in Option Agreement’ in November, 2013 for FQM to earn up to 70% interest in Gcwihaba’s metals prospecting licenses excluding any rights to iron. FQM's and Tsodilo have collectively undertaken the following notable exploration data collection activities that have contributed to metal exploration to date:

- 366 core drill samples totaling 77,174 meters of core, including 116 reflex gyro surveys of these holes, and over 51,000 samples sent for assay. These helped identify the geological profile of the area, develop a geological model, a stratigraphic comparison to the CACB, and identify general areas for further exploration;
- a 220 hole drill program (13,689 meter) known as the Kalahari Geochemistry Program (KGP) was conducted to test the soil overburden for hydromorphic dispersion of metals from bedrock mineralization on a 2 km grid to locate targets for further exploration and drilling. These holes were sampled every 2m and sent for ICP assay analysis (8,326 samples assayed for As, Au, Bi, Co, Pb, Al, Ca, Cu, Mg, Ni, Zn, Au). A regolith research specialist from CSIRO in Australia was retained to assist in this soil overburden assessment and aid in target identification. This program identified a number or high priority targets for further exploration, although it is notable only one was drilled to date.
- 20,000 line km of ground magnetic data helped to define geological structures and features. An airborne electro-magnetic survey (Spectrem) was flown (16,934 line km) collecting electromagnetic (EM), magnetic and radiometric data. An airborne gravity survey also was flown but due to technical problems the area was reduced to 10,392 line kms at a 500 m flight line interval. These surveys contributed in advancing a significant structural and geological model for the region that aided greatly in exploration targeting;
- 162 water samples were collected from a combination of KGP, drill holes, government water boreholes and hand dug water wells in local villages. These were tested for pH and Eh, and sent for multi-element ICP analysis, and some separate Cu-isotope analysis. This data helped identify bedrock source anomalies and added to target definition alongside the KGP data set.

In January 2016, FQM notified Tsodilo that it was to terminated the Earn-in Agreement on the back of a major drop in the global copper price. FQM identified a number of targets but not explored, as a result Tsodilo initiated a review of all data collected over the area to further define these and other targets that have either been superficially examined or not investigated at all. This review resulted in defining 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 mesh from the sub-deflation soil zone during the dry season. The first targets 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 be prioritized for drilling.

This review of all data collected to date assisted in identifying a number of potential gold targets for further exploration within the drill hole data set, and as such a gold exploration program has been initiated. The gold project has thus far identified that there is significant potential for gold mineralization to be associated with the XIF, where an analogy has been drawn tothe Homestake gold deposit in South Dakota, US, where phyllites acted as the source for the gold deposited in the XIF material. This led to a significant core logging and data mining program to identify current holes that can be processed for gold assay, to date 6 holes have been identified as having potential gold mineralization and are awaiting gold assay. Further to this, recent work in the quarter has identified 4 drill holes that have been under explored for copper and will assed for copper. A further review copper targets generated by First Quantum (FQM) Cu targets was conducted during the quarter. Targets selected in-house were then compared to the FQM targets developed from the shallow Kalahari Geochemistry Program (KGP) holes. There is significant overlap between the two target sets and a review of the date is ongoing to further refine exploration priorities incorporating new detailed structural and geological mapping data alongside the recent soil sampling information.

Future Plans and Outlook for the Katanga Meta-Sediments Project

The remaining soil samples will be sent for Terraleach analysis to assist in refining the high priority Cu and Co targets so focused drilling of these targets can occur. This will be backed up by further detailed local structural and geological reviews of these target areas to define the structures and features that will be targeted during this drilling program. The gold logging program will continue and holes identified sent for gold assay.

3. Idada Trading 361 (Pty) Limited ("Idada") – Barberton Gold Project, South Africa

Barberton is situated in the De Kaal Valley at the southeastern edge of De Kaap Valley pluton and is fringed by the Makhonjwa Mountains (Barberton Mountain Land). The Barberton area has a long and colorful history of gold production producing an estimated 360 tonnes of Au between 1884 and 2012, worth over $13 trillion USD at today's gold prices. However, it is noted that around 70% of this was extracted from four main mines Sheba, New Consort, Fairview and Agnes.

A detailed high-quality aerial survey over the Barberton region in 2011 identified hidden structures and faults that were unknown prior to the survey. This survey has suggested that the Saddleback-Inyoka Shear Zone and the southwesterly extension of the Barbrook and Sheba faults are possibly continuous to the northwest rather than turning south as previously inferred. These fault and shear zones are vitally important and are the main host of gold in the region. As such this new structural interpretation led to the company to apply for ground over this new northwest extension of this fault system, via its South African subsidiary Idada in the anticipation that it may host significant gold mineralization.

The Company holds a 70% interest in its South African subsidiary, Idada. Idada made application for this exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area in February 2012. This application was accepted in February 2013 and consultation was conducted with interested and affected parties in April and June 2013. An Environmental Management Plan (EMP) was submitted in April 2013 and a site visit was made by various governmental departments (DMR, EWT, and REMDEC) in September 2013. During the second quarter 2015, notice was received from the Department of Mineral Resources, South Africa which granted the Company the prospecting rights for gold and silver in the applied for area subject to certain subsequent conditions being met. The Company has fulfilled those requirements and the Prospecting Right, together with the EMP, was executed and became effective on April 7, 2016. The Prospecting Right has been granted for a term of five years effective May 2015.

Notices have been sent to all surface owners of the five farms informing the owners of our intent to access the property to commence exploration activities. Three land owners, holding most of the target ground, have denied access. This issue has been submitted to the Department of Mineral Resources (DMR) for resolution.

Summary of Work Performed as at September 30, 2019

A desktop study of all published and available geological, geochemical, and geophysical data was undertaken to define the geology, and structural regime of the area, including the dip of the target fault structure. This study also incorporated various remote sensing data sets including open source Landsat satellite imagery and Aster hyperspectral data, this has enhanced our understanding of the geomorphology and the interplay this has with the geology, the important local weathering regimes and soil occurrences. All the known gold and base metal occurrences in the immediate area were georeferenced and added to the database. This led to the East Northeast – West Southwest orientated mineralized thrust fault zones being incorporated into our detailed geological interpretation, including areas that intersect the main target fault zone located on the property, and as such have been highlighted for priority exploration. This has given the company all the information it requires to move into the next "ground truthing" phase of the exploration program.

During the quarter, the Company was informed that certain portions of our license areas were designated as a World Heritage site by UNESCO. UNESCO has informed the Company that in accordance with the Operational Guidelines for the Implementation of the World Heritage Convention, UNESCO are investigating the situation that the Company brought to their attention. UNESCO has informed us that according to IUCN, the Advisory Body to the intergovernmental World Heritage Committee concerning nominations of natural heritage sites on the World Heritage List, the overlapping prospecting licence on the western portion of the property or of the presence of Tsodilo Resources Ltd was not brought to the attention of IUCN during the evaluation process. The documentation related to the evaluation and inscription of the site on the World Heritage List from UNESCO's website at: http://whc.unesco.org/en/list/1575/documents.

As the responsibility for nominating sites to the World Heritage List and the management and protection of the World Heritage properties inscribed is under the authority of the State Party of South Africa, UNESCO will contact the national authorities to seek their clarifications on this matter.

Future Plans and Outlook for the Barberton Gold Project

Once the issues with the surface owners and UNESCO have been resolved the Company will commence a mapping exercise based on the geological information acquired by the desktop study to verify the local geology, various geological features, and soil types. Some soil and/or stream samples are planned to be taken, which will be followed by a detailed ground magnetic survey to cover the main shear/fault zone in the area to help define drill target locations so to intersect this structural feature, and identify if there is any significant gold mineralization present in the license.

Exploration and evaluation additions for the period ended September 30, 2019 are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Plant Operations	$ --	$ --	$ --	$ --	$ --	$ --
Drilling Expenditures	13,418	207	13,624	--	8,388	22,012
Amortization Drill Rigs, Vehicles & Trucks	32,161	25,794	57,955	--	14,877	72,832
GIS & Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	8,417	--	8,417	--	--	8,417
License Fees	--	--	--	--	1,695	1,695
Office, Maintenance, & Consumables	18,660	3,084	21,745	--	11,019	32,768
Salaries, Wages & Services	85,263	95,586	181,119	--	94,597	275,717
Balance at September 30, 2019	$157,919	$124,941	$282,860	$	$130,576	$413,436

Exploration and evaluation additions for the period ended September 30, 2018 are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Plant Operations	$ 236,175	$--	$ 236,175	$--	$--	$ 236,175
Drilling Expenditures	--	8,642	8,642	--	10,418	19,060
Amortization Drill Rigs, Vehicles & Trucks	36,307	24,804	61,111	--	18,085	79,196
GIS & Geophysics	9,918	8,262	18,180	--	15,966	34,146
Lab Analyses & Assays	2,334	--	2,334	--	2,322	4,656
License Fees	--	--	--	--	1,677	1,677
Office, Maintenance, & Consumables	46,979	42,515	89,494	--	42,422	131,916
Salaries, Wages & Services	356,430	77,752	434,182	--	58,090	492,272
Balance at September 30, 2018	**$688,143**	**$161,975**	**$850,118**	**$--**	**$148,980**	**$999,098**

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had a negative working capital of ($576,540) [2018: (256,094)], which included cash of $50,547 (2018: $20,048). 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. On September 28, 2017, the Company sold royalty interest for $1,500,000 (see Financing Activities below).

On October 1, 2018, the Company received advances under a non-current note payable in the amount of $20,000.
On December 31, 2018, the Company received advances under a non-current note payable in the amount of $444,343.
On February 1, 2019, the Company received advances under a non-current note payable in the amount of $85,000.
On June 30, 2019, the Company received advances under a non-current note payable in the amount of $84,149.
On June 30, 2019, the Company received advances under a current note in the amount of $206,113.

On September 30, 2019, the Company received advances under a non-current note payable in the amount of $36,462. On June 30, 2019, the Company received advances under a current note in the amount of $72,685.

Financial Instruments

The carrying amounts reflected in the consolidated Statement of Financial Position for cash, accounts receivable, accounts payable, accrued 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. The liability recognized at September 30, 2019 for those warrants is NIL (2018: NIL). Due to the nature of the Company's operations, there is no significant credit or interest rate risk.

Operating Activities

Cash outflow used in operating activities before working capital adjustment increased to a gain of $29,392 from the period-ended September 30, 2019 from a loss of ($466,771) for the period-ended September 30, 2018. Most operating expenses were decreased for the period-ended September 30, 2019 in total by $204,446 compared to 2018. The large operating expense reductions for 2019 were in stock based compensation $91,909 compared to 2018 of 257,197, and Administrative expenses $80,375 compared to 2018 of $113,590. The largest impact on (loss) for the period was the net rental income for equipment of $458,193 in 2019, NIL in 2018. The largest impact on Comprehensive loss for the period was foreign exchange translation change loss of ($890) in 2019, compared to a loss of ($7,312) in 2018.

Annual Information (in US Dollars)	Fiscal Year September 30 2019	Fiscal Year December 31 2018	Fiscal Year December 31 2017
Net loss for the year	($64,149)	($1,015,437)	($1,301,378)
Basic loss per share	($0.00)	($0.02)	($0.03)
Basic diluted loss per share	($0.00)	($0.02)	($0.03)
Total other comprehensive income (loss)	(199,171)	(660,663)	373,806
Total comprehensive income (loss) for the year	($263,320)	($1,676,100)	($927,572)
Basic comprehensive loss per share	($0.00)	($0.04)	($0.02)
Diluted comprehensive loss per share	($0.01)	($0.04)	($0.02)
Total assets	$7,370,436	$7,158,233	$7,845,863
Total long-term liabilities	$613,337	$464,343	--
Cash dividend	--	--	--

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2017				
Net income (loss) for the period	($311,018)	($416,914)	($307,291)	($266,155)
Basic income (loss) per share	($0.01)	($0.01)	($0.00)	($0.01)
Diluted basic income (loss) per share	($0.01)	($0.01)	($0.00)	($0.01)
Comprehensive income (loss) for the period	($225,849)	($293,941)	($424,450)	$16,668
Basic comprehensive income (loss) for the period	($0.01)	($0.01)	($0.00)	($0.01)
Diluted comprehensive income (loss) per share	($0.00)	($0.01)	($0.01)	$0.00
Total assets	$8,285,854	$8,168,529	$7,744,583	$7,845,863
Total long-term liabilities	--	--	--	--

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2018				
Net income (loss) for the period	($285,524)	($239,001)	($208,679)	($282,233)
Basic income (loss) per share	($0.01)	($0.00)	($0.00)	($0.01)
Diluted basic income (loss) per share	($0.01)	($0.00)	($0.00)	($0.01)
Comprehensive income (loss) for the period	$151,822	($1,061,034)	($351,854)	($415,034)
Basic comprehensive income (loss) for the period	($0.00)	($0.02)	($0.01)	($0.01)
Diluted comprehensive income (loss) per share	($0.00)	($0.02)	($0.01)	($0.01)
Total assets	$8,074,849	$7,157,478	$6,982,227	$8,227,394
Total long-term liabilities	--	--	--	$464,343

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2019				
Net income (loss) for the period	($64,605)	($65,588)	$66,043	
Basic income (loss) per share	($0.00)	($0.00)	($0.00)	
Diluted basic income (loss) per share	($0.00)	($0.00)	($0.00)	
Comprehensive income (loss) for the period	$35,244	(51,766)	(246,799)	
Basic comprehensive income (loss) for the period	($0.00)	($0.00)	($0.01)	
Diluted comprehensive income (loss) per share	($0.00)	($0.00)	($0.01)	
Total assets	$7,370,351	$7,530,085	$7,370,436	
Total long-term liabilities	$549,343	$624,107	$613,337	

Investing Activities

Cash flow applied in investing activities decreased to ($340,604) for the period-ended September 30, 2019 [2018: ($914,510)].

Total expenditures of $340,604 on exploration properties for the period-ended September 30, 2019 were attributable to the Gcwihaba and Bosoto projects in northwest Botswana and the Idada project in Barberton, South Africa. There are no expenses and funding for the exploration of the Newdico projects in the 3rd Q as a prospecting application is pending its initial grant and other prospects continue to be evaluated by management.

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 or one-half a 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 to five years from the date of issuance.

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.

In 2018, February, June and September 2019, long-term notes were issued for $464,373, $85,000, $84,148 and $36,462 respectively to related parties, contractors and employees as settlement of compensation, service fees and expenses payable. The notes have an annual interest rate of 8% per annum and are due September 30, 2020, December 30, 2020 and January 31, 2021. These notes carry a termination fee of 10% upon early redemption of the notes for which there is an embedded derivative arising – the fair value of this is $NIL. There was no material gain / (loss) arising on this. In addition, at the option of the note holders, the notes can be converted to stock during future private placements at the price, that raise a minimum of CAD $500,000. $352,465 of the notes is from related parties (see note 9).

Date	Base Amount	Interest Rate	Termination fee	Maturity Date
1-Oct-18	$20,000	8%	$2,000	30-Sep-20
31-Dec-18	$444,343	8%	$44,343	30-Dec-20
1-Feb-19	$85,000	8%	$8,500	31-Jan-21
30-Jun-19	$84,149	8%	$ 8,419	30-Dec-20
30-Sept-19	$36,462	8%	3,646	30-Dec-20

On June 30 and September 30, 2019, short-term promissory notes were issued for $206,113 and $72,685 respectively to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

Date	Base Amount	Interest Rate	Termination fee	Maturity Date
30-Jun-19	$206,113	8%	NA	NA
30-Sept-19	$72,685	8%	NA	NA

Tsodilo expects to raise the amounts required to fund the Gcwihaba, Bosoto and Idada projects and corporate general and administration expenses, by way of non-brokered private placements and joint ventures.

RESULTS OF OPERATIONS

On a consolidated basis, the Company recorded a comprehensive net loss of ($263,320) for the period ended September 30, 2019 $0.01 per common share, compared to a comprehensive loss of ($1,261,066) for the period ended September 30, 2018 $0.02 per common share.

Total capitalized exploration expenditures including amortization of property, plant and equipment used in exploration activities on all projects amounted to net $6,906,032 as at September 30, 2019 compared to $6,455,169 as at September 30, 2018. Total capitalized exploration expenditures incurred on Gcwihaba's projects as at September 30, 2019 were $2,807,629 compared to $2,705,896 as at September 30, 2018. Additions of $130,576 were decreased by exchange translations in 2019. Total capitalized exploration expenditures incurred on Bosoto's projects as at September 30, 2019 were $4,090,872 compared to $4,356,310as at September 30, 2018. Additions of $282,860 were decreased by exchange translations in 2019. Total capitalized exploration expenditures incurred on Idada's projects as at September 30, 2019 were $7,531 compared to $8,050 as at September 30, 2018. There were no additions and the difference was from exchange translations in 2019. The principal components of the Gcwihaba exploration program was the further detailing of drill targets. while the Bosoto PL369/2014 commenced different studies with respect to collecting a 20,000 ton sample via a box-cut methodology. The Bosoto PL217/2016 was centered on further clarification and review of the geophysical data over kimberlite targets. A table is presented in the Exploration and Evaluation Additions section above with specific details.

PERSONNEL

At September 30, 2019, the Company and its subsidiaries employed fifteen (15) compared to twenty-two (22) at September 30, 2018, including senior officers, administrative and operations personnel including those on a short-term service basis.

PERIOD-ENDED SEPTEMBER 30, 2019

The period-ended September 30, 2019 was a normal operating period. Operating expenses were at normal levels for the period.

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

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.

These 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 $64,149 and comprehensive loss of $263,320 during the period ended September 30, 2019 and as of that date, the Company had an accumulated deficit of $48,945,974 and negative working capital of ($576,540). 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, 2019. 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. The Company received $1,500,000 from the sale of royalties on September 28, 2017. In 2018, February, June and September 2019, long-term notes were issued for $464,373, $85,000, $84,148 and $36,462 respectively from related parties, contractors and employees as settlement of compensation, service fees and expenses payable. On June 30 and September 30, 2019, short-term promissory notes were issued for $206,113 and $72,685 respectively to an employee, who is a director of 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. These 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 deposit. 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 and South Africa 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 on 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.

New Standards, Amendments and Interpretations Adopted

There are no other standards which the Company would have been required to adopt in the period.

New standards adopted as at January 1, 2019

IFRS 9, *Financial Instruments ("IFRS 9")*

Effective January 1, 2018, the Company has adopted IFRS 9 on a full retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out requirements for recognizing financial assets and liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 resulted in all financial assets previously classified as loans and receivables being classified as amortized cost. There was no change in the classification of financial liabilities. The adoption of IFRS 9 didn't have any impact on the measurement of financial assets; therefore, comparative figures have not been restated.

New Standards, Amendments and Interpretations not yet adopted by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 16, *Leases* ("IFRS 16")

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. In addition, the nature of expenses related to those leases will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are two important reliefs provided by IFRS 16 for assets of low value and short-term lease of less than 12 months.

The Company will adopt IFRS 16 on January 1, 2019 with modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognized as an adjustment at the date of initial application. Comparative information is not restated. The Company has interpreted that its leases are of low value and not requiring changes.

RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company

	2019	2018
Short term employee remuneration and benefits	**$202,502**	$215,001
Stock based compensation	**84,490**	62,484
Other long-term benefits*	**88,188**	68,325
Total compensation attributed to key management personnel	**$379,180**	$345,810

*Benefits include $21,552 of accrued leave through September 30, 2019 (2018: $21,552).

- ◊ During the period an individual related to the CEO provided administrative and management services to the Company in 2019 and was remunerated in 2019 as at September 30 in the amount of $29,000 (2018: $27,000).
- ◊ During the period, individuals related to key management personnel of the Company, received $4,742 in stock based compensation during the period (2018: $9,357).
- ◊ In 2018, board members were issued notes in the amount of $338,865 (See note 5 above for details).
- ◊ In 2019, a former board member and officer was issued a note in the amount of $85,000.
- ◊ In 2019, demand promissory notes were issued to a director and officer in the amount of $206,113 and $72,685.

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 the 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

This Quarterly Financial Report, including this MD&A, 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.

"s"

James M. Bruchs
Chairman and Chief Executive Officer

"s"

Gary A. Bojes
Chief Financial Officer

TSODILO RESOURCES LIMITED

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(expressed in United States dollars)
Unaudited – Prepared by Management

These condensed 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 condensed interim consolidated financial statements have been authorized for release by the Company's Board of Directors on November 25, 2019.

CONTENTS:

Financial Reporting Responsibility of Management

Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Tsodilo Resources Limited, ("Tsodilo" or the "Company") of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim condensed 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 condensed 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.

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 condensed 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 condensed interim consolidated financial statements and (ii) the unaudited condensed 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 condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills 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 condensed 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 condensed 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 condensed 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 condensed 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 this 25th day of November, 2019.

TSODILO RESOURCES LIMITED

"s"	"s"
James M. Bruchs Chairman and Chief Executive Officer November 25, 2019	Gary A. Bojes Chief Financial Officer November 25, 2019

Tsodilo Resources Limited

Condensed Interim Consolidated Statements of Financial Position
(In United States dollars)

	September 30 2019	September 30 2018	December 31 2018
ASSETS			
Current			
Cash	**$ 50,547**	$ 20,048	$ 7,481
Restricted cash	**--**	--	--
Accounts receivable and prepaid expenses	**89,362**	73,566	47,937
Total Current Assets	**139,909**	93,614	55,418
Exploration and Evaluation Assets *(note 3)*	**6,906,032**	6,455,169	6,699,462
Property, Plant and Equipment *(note 4)*	**324,495**	433,424	403,343
Total Assets	**$ 7,370,436**	$ 6,982,207	$7,158,223
LIABILITIES			
Current			
Accounts payable and accrued liabilities (*note 9*)	**$ 510,337**	$ 349,708	$481,820
Current notes payable *(notes 6 and 9)*	**206,112**	--	--
Total Current Liabilities	**716,449**	349,708	481,820
Non-current notes payable *(notes 5 and 9)*	**613,337**	--	464,343
Total Liabilities	**1,329,786**	349,708	946,163
SHAREHOLDERS' EQUITY			
Share capital *(note 7a)*	**49,281,890**	49,281,890	49,281,890
Contributed surplus *(note 7c)*	**11,671,405**	11,584,900	11,579,495
Foreign currency translation reserve	**(5,966,671)**	(5,634,699)	(5,767,500)
Deficit	**(48,945,974)**	(48,599,592)	(48,881,825)
Total Equity	**6,040,650**	6,632,499	6,212,060
Total Liabilities and Equity	**$ 7,370,436**	$6,982,207	$ 7,158,223

Nature of operations *(note 1)*

Commitments and contingencies *(note 12)*

Subsequent events *(note 14)*

See accompanying notes to the condensed interim consolidated financial statements

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"s"
Jonathan R. Kelafant
Chairman, of the Audit Committee

"s"
James M. Bruchs
Chairman and CEO

Tsodilo Resources Limited
Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
(In United States dollars)

	Three Months Ended		Nine Months Ended	
	September 30 2019	September 30 2018	**September 30 2019**	September 30 2018
Administrative Expenses				
Corporate remuneration	**$ 108,055**	$ 105,907	**$ 320,244**	$ 320,102
Corporate travel and subsistence	**2**	257	**1,044**	1,509
Investor relations	**4,978**	(1,453)	**5,939**	3,507
Legal and audit	**1,308**	754	**6,114**	10,998
Filings and regulatory fees	**13,191**	4,623	**15,088**	17,074
Administrative expenses	**29,697**	38,324	**80,375**	113,590
Amortization	**742**	311	**742**	934
Stock-based compensation *(note 7c)*	**26,696**	58,982	**91,909**	258,187
	184 669	207,705	**521,455**	725,901
Other Income (Expense)				
Rental Income, net of cost	**249,744**	--	**458,193**	--
Interest Income	**1**	6	**4**	9
Impairment *(note 3)*	**966**	--		
Foreign exchange gain (loss)	**1**	(980)	**(890)**	(7,312)
	250,712	(974)	**457,306**	(7,303)
Loss for period	**66,043**	(208,679)	**(64,149)**	(733,204)
Other Comprehensive Gain/(Loss)				
Foreign currency translation	**(312,842)**	(143,175)	**(199,171)**	(527,862)
Total Other Comprehensive Gain/(Loss)	**(312,842)**	(143,175)	**(199,171)**	(527,862)
Total Comprehensive Income (Loss) for the period	**($ 246,799)**	($ 351,854)	**($ 263,320)**	($ 1,261,066)
Basic loss per share *(note 8)*	**($0.01)**	($0.01)	**($0.01)**	($0.02)
Basic comprehensive *(note 8)*	**($0.01)**	($0.01)	**($0.01)**	($0.03)

See accompanying notes to the condensed interim consolidated financial statements

Tsodilo Resources Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(In United States dollars except for shares)

	Share Capital		Contributed Surplus	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other			
Balance January 1, 2019	**45,347,310**	**$49,281,890**	**$11,579,495**	**($5,767,500)**	**($48,881,825)**	**$6,212,060**
Units Issued	--	--	--	--	--	--
Warrants Expiry	--	--	--	--	--	--
Stock Based Compensation	--	--	**91,910**	--	--	**91,910**
Comprehensive loss	--	--	--	**(199,171)**	**(64,149)**	**(263,320)**
Balance September 30, 2019	**45,347,310**	**$49,281,890**	**$11,671,405**	**($5,966,671)**	**($48,945,974)**	**$6,040,650**

	Share Capital		Contributed Surplus	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other			
Balance January 1, 2018	45,347,310	$49,281,890	$11,327,971	($5,106,837)	($47,866,388)	$7,636,636
Units Issued	--	--	--	--	--	--
Warrants Expiry	--	--	--	--	--	--
Additional Paid in Capital – Subsidiary Purchase, Other	--	--	--	--	--	--
Stock Based Compensation	--	--	256,929	--	--	256,929
Comprehensive loss	--	--	--	(527,862)	(733,204)	(1,261,066)
Balance September 30, 2018	45,347,310	$49,281,890	$11,584,900	($5,634,699)	($48,599,592)	($6,632,499)

See accompanying notes to the condensed interim consolidated financial statements.

Tsodilo Resources Limited

Condensed Interim Consolidated Statements of Cash Flows

(In United States dollars)

	Periods Ended September 30	
	2019	2018
Cash provided by (used in):		
Operating Activities		
Net Loss for the period	**($ 64,149)**	($ 733,204)
Adjustments for non-cash items:		
Impairment		--
Amortization	**742**	934
Foreign exchange loss (gain)	**890**	7,312
Stock-based compensation	**91,909**	258,187
	29,392	(466,771)
Net change in non-cash working capital balances *(note 13)*	**193,204**	304,299
	222,596	(162,472)
Investing Activities		
Additions to exploration properties	**(340,604)**	(914,510)
Additions to property, plant and equipment	**--**	--
	(340,604)	(914,510)
Financing Activities		
Royalties Sold	**--**	--
Shares and warrants issued for cash	**--**	--
Share issuance cost	**--**	--
Non-current notes payable *(note 5)*	**148,994**	--
	148,944	--
Impact of exchange on cash	**12,080**	(19,165)
Change in cash - for the period	**43,066**	(1,096,147)
Cash - beginning of year	**7,481**	1,116,195
Cash - end of period	**$ 50,547**	$ 20,048

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

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 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. The Company 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 161 Bay Street, P.O. Box 508 Toronto, Ontario, Canada, M5J 2S1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Toronto Venture Stock Exchange ("TSXV") under the symbol TSD.

These condensed 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 $64,149 and comprehensive loss of $263,320 during the period ended September30, 2019 and as of that date, the Company had an accumulated deficit of $48,945,974 and negative working capital of ($576,540). The Company has not generated significant 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 may 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 condensed interim consolidated Financial Statements.

Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures further, or divest of certain mineral property assets, to preserve working capital and alleviate any going concern risk.

The condensed 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. Significant Accounting Policies

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

These condensed interim 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").

These condensed interim consolidated financial statements have been authorized for release by the Company's Board of Directors on November 25, 2019.

(b) ***Basis of Preparation***

These condensed interim 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. These condensed 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	**2018**	2017
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%
Idada Trading 361 (Pty) Ltd. ("Idada") [South Africa]	**70%**	70%
All intercompany transactions have been eliminated on consolidation		

The accounting policies set out below have been applied consistently to all periods and years presented.

(c) ***Significant Accounting Judgments, Estimates and Assumptions***

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

Accounts that require estimates as the basis for determining the stated amounts include accrued liabilities, stock-based compensation expense, and amortization expense. The amounts estimated for the warrant liability and stock based compensation is calculated using the Black-Scholes Merton valuation model, which requires significant estimates with respect to the expected life and volatility of such instruments. The estimated depreciation is influenced primarily by the estimated useful life of the Company's property, plant and equipment.

Significant judgments are required with respect to the carrying value of the Company's exploration and evaluation assets, the determination of the functional currency of the Company and its subsidiaries, the recoverability of the Company's deferred tax assets, and potential tax exposures given the company operates in multiple jurisdictions. 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. The

Company has defined the cash generating units to be precious stones, metals and radioactive minerals. The quantification of potential tax exposures is dependent on the relevant tax authorities' acceptance of the Company's positions.

(d) ***Earnings (Loss) per Common Share***

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

Diluted earnings per share calculations are based on the net income (loss) attributable to common shareholders for the period divided by the weighted average number of common shares outstanding during the period 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.

(e) ***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 represents 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.

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. Management's estimates of recoverability of the Company's investment in its Botswana and South Africa Exploration and Evaluation Assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write-downs of exploration and evaluation assets carrying values. See note 3 for additional disclosures related to license commitments and strategic partners commitments and earn-in agreement.

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

Property, plant and equipment is 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)	9 Years
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 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 comprises major components with different useful lives, the components are accounted for as separate items of 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.

(g) <u>Cash</u>

Cash consists of cash held in banks and petty cash.

(h) <u>Foreign Currency Translation</u>

(i) Functional and presentation currency

The Company's functional and presentation currency is the United States dollar ("U.S. Dollar"). The functional currencies of the Company's subsidiaries are as follows:

Tsodilo Resources Bermuda Limited	("TRBL")	U.S. Dollar
Gcwihaba Resources (Pty) Limited	("Gcwihaba")	Botswana Pula
Newdico (Pty) Limited	("Newdico")	Botswana Pula
Bosoto (Pty) Limited	("Bosoto"')	Botswana Pula
Idada Trading 361 (Pty) Ltd.	("'Idada")	South African Rand

Each subsidiary and the Company's parent entity determine their own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date.

(iii) Translation of foreign operations

As at the reporting date the assets and liabilities of Gcwihaba, Newdico, Bosoto, and Idada are translated into the functional currency of the Company at the rate of exchange prevailing at the reporting date and their revenue and expenses are translated at the average exchange for the period. On consolidation, the exchange differences arising on the translation are recognized in other comprehensive loss and accumulated in the foreign currency translation reserve.

If TRBL, Gcwihaba, Newdico, Bosoto, and Idada were sold, the amount recognized in the foreign currency reserve would be realized and reflected in the statement of operations and comprehensive loss as part of the gain or loss on disposal.

(i) ***<u>Income Taxes</u>***

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

Deferred income taxes are recorded using the balance sheet 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.

(j) ***<u>Share-based Compensation</u>***

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 option to earnings and no portions were capitalized. Upon participants' retirement from their duties, their shares are forfeited and 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.

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.

(k) ***<u>Severance Benefits</u>***

Under Botswana law, the 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.

(l) ***Financial Assets***

Under IAS 39, all financial assets were classified as loans and receivables. 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 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.

(m) ***Financial Liabilities***

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities 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 year. 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, non-current notes payable and accrued liabilities and subscriptions are classified as other financial liabilities. Financial liabilities classified as FVTPL include warrants with exercise prices denominated in a currency other than the Company's functional currency. 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 earnings. Transaction costs associated with FVTPL liabilities are expensed as incurred.

(n) ***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.

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 years. A reversal of an impairment loss is recognized immediately in profit or loss. No impairment adjustments were recognized in 2019 and 2018.

(o) ***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.

(p) ***New Standards, Amendments and Interpretations Adopted***

New standards adopted as at January 1, 2018

IFRS 9, *Financial Instruments ("IFRS 9")*

Effective January 1, 2018, the Company has adopted IFRS 9 on a full retrospective basis with restatement of comparative periods in accordance with the transitional provision of IFRS 9. IFRS 9 sets out requirements for recognizing financial assets and liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 resulted in all financial assets previously classified as loans and receivables being classified as amortized cost. There was no change in the classification of financial liabilities. The adoption of IFRS 9 didn't have any impact on the measurement of financial assets; therefore, comparative figures have not been restated.

There are no other standards which the Company would have been required to adopt in the period.

(q) ***New Standards, Amendments and Interpretations not yet adopted by the Company***

At the date of authorization of these condensed interim consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's condensed interim consolidated financial statements is provided below. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's condensed interim consolidated financial statements.

IFRS 16, *Leases* ("IFRS 16")

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. In addition, the nature of expenses related to those leases will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are two important reliefs provided by IFRS 16 for assets of low value and short-term lease of less than 12 months.
IFRS 16 standard is effective for annual periods beginning on or after 1 January 2019.

The Company will adopt IFRS 16 on January 1, 2019 with modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognized as an adjustment at the date of initial application. Comparative information is not restated. The Company has interpreted that its leases are of low value and not requiring changes.

3. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Balance at December 31, 2017	**$2,888,008**	**$293,853**	**$3,181,861**	**$9,220**	**$2,752,737**	**$5,943,818**
Additions	861,834	253,879	1,115,713	--	243,551	1,359,264
Net Exchange Differences	(312,824)	(45,694)	(358,518)	(1,318)	(243,784)	(603,620)
Balance at December 31, 2018	**$3,437,018**	**$502,038**	**$3,939,056**	**$7,902**	**$2,752,504**	**$6,699,462**
Additions	157,919	124,841	282,860	--	130,576	416,436
Net Exchange Differences	(111,583)	(19,861)	(131,044)	(371)	(75,451)	(206,866)
Balance at September 30, 2019	**$3,483,354**	**$607,518**	**$4,090,872**	**$7,531**	**$2,807,629**	**$6,906,032**

Exploration and evaluation additions for the period ended September 30, 2019 are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Plant Operations	$ --	$ --	$ --	$ --	$ --	$ --
Drilling Expenditures	13,418	207	13,624	--	8,388	22,012
Amortization Drill Rigs, Vehicles & Trucks	32,161	25,794	57,955	--	14,877	72,832
GIS & Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	8,417	--	8,417	--	--	8,417
License Fees	--	--	--	--	1,695	1,695
Office, Maintenance, & Consumables	18,660	3,084	21,745	--	11,019	32,768
Salaries, Wages & Services	85,263	95,586	181,119	--	94,597	275,717
Balance at September 30, 2019	$157,919	$124,941	$282,860	$	$130,576	$413,436

Exploration and evaluation additions for the period ended September 30, 2018 are summarized as follows:

	Project BK 16	Bosoto Botswana Project PL 217	Total Precious Stones	Idada So. Africa Precious Metals	Gcwihaba Botswana Metals	TOTAL
Plant Operations	$ 236,175	$--	$ 236,175	$--	$--	$ 236,175
Drilling Expenditures	--	8,642	8,642	--	10,418	19,060
Amortization Drill Rigs, Vehicles & Trucks	36,307	24,804	61,111	--	18,085	79,196
GIS & Geophysics	9,918	8,262	18,180	--	15,966	34,146
Lab Analyses & Assays	2,334	--	2,334	--	2,322	4,656
License Fees	--	--	--	--	1,677	1,677
Office, Maintenance, & Consumables	46,979	42,515	89,494	--	42,422	131,916
Salaries, Wages & Services	356,430	77,752	434,182	--	58,090	492,272
Balance at September 30, 2018	**$688,143**	**$161,975**	**$850,118**	**$--**	**$148,980**	**$999,098**

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. The Company has evaluated title to all of its mineral properties and believes, to the best of its knowledge, that evidence of title is adequate and acceptable given the current stage of exploration.

Exploration and Evaluation Assets (Royalties)

In the 3rd Q 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 USD.

The package of assets in the Royalty Sale includes:

◊ the grant of a 1% NSR on the Company's wholly owned Botswana subsidiary Gcwihaba Resources (Pty) Ltd. prospecting metal licenses in northwest Botswana;

◊ 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,

◊ 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.

The Company has reclassified $1,500,000 proceeds from the sale of royalties from financing to investing activities in the condensed interim consolidated statement of cash flows for the year ended December 31, 2017, to conform with the consolidation statement of financial position treatment as a reduction of its exploration and evaluation assets.

Gcwihaba Resources (Proprietary) Ltd ("Gcwihaba") – Botswana

The Company's current seven metal (base, precious, platinum group, and rare earth) Prospecting Licences have evolved with time into a package which covers some 4,920.50 square kilometers and collectively have a proposed minimum spending commitment of BWP 1,753,815 ($163,282 USD as at September 30, 2019) if held to their full three-year initial term.

Bosoto (Pty) Limited ("Bosoto") – Botswana

Tsodilo was granted prospecting license (PL369/2014) over the BK16 kimberlite pipe through its 100% owned Botswana subsidiary, Bosoto Pty (Ltd) effective October 1, 2014. The license has been renewed for two consecutive 2-year terms to September 30, 2021. The diamondiferous BK16 kimberlite pipe is located within the Orapa Kimberlite Field in Botswana and covered by 25 meters of Kalahari Group sediments. BK16 is located 37 km east-southeast of the Orapa Diamond Mine AK01, 25 km southeast of the Damshtaa Diamond Mine, and 13 km north-northeast of the Letlhakane Diamond Mine, all operated by Debswana and 28 km east-northeast from Lucara Diamond Corporation's Karowe mine (F/K/A AK6). Tsodilo has a 100% interest in Bosoto.

The Company estimated that it would take BWP 40,002,000 ($3,724,220 USD as at September 30, 2019 in expenditures, goods and services over the two-year renewal period to continue the evaluation of the BK16 kimberlite's economic potential and if warranted the preparation of a compliant NI 43-101 Bankable Feasibility Study (BFS). This estimate is based on the agreed work plan with the Ministry of Mineral Resources, Green Technology and Energy Security (MMGE). At any point the work plan may be amended and a new work plan agreed to with the MMGE.

PL 217/2016 is situated within the Orapa Kimberlite Field and is located some 10 km south of the Orapa Mining area and with the same distance to the west of the Letlhakane Mining lease. It surrounds the Karowe Mining lease, while the BK11 prospect is directly to the east of the licence. Other kimberlites occur along its northern and eastern borders. The licence is highly prospective for kimberlites but also has the potential to contain secondary diamond deposits associated with the palaeo-drainage network in the area. The present drainage is to the north and erosion of the kimberlites would have resulted in the residue, including diamonds, to have been transported in the same direction. The focus of the exploration work would therefore be not only on finding kimberlites but also to assess the geomorphology in the search for palaeo-channels.

PL217/2016 has an initial grant term of three (3) years effective January 1, 2017 to be followed by 2 two-year renewal periods. The license comprises 580 square kilometers and has a proposed minimum spending commitment of BWP 2,138,700 ($199,715 USD as at September 30, 2019) if held to the furthest out initial full-term to December 31, 2019. The license has an initial grant term of three (3) years to be followed by 2 two-year renewal periods.

Newdico (Pty) Ltd – Botswana

In 2019, Newdico evaluated various land packages within Botswana for application of initial prospecting licenses or joint venture opportunities on existing prospecting licenses held by others and will continue to do so in 2019. In the second quarter of 2019, Newdico filed an application for an initial prospecting license which is currently in review. The company also provides exploration services to associated companies on an as needed basis.

Idada Trading 361 (Pty) Limited ("Idada") – South Africa

The company holds a 70% interest in its South African subsidiary, Idada. Idada made application for an exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area in February 2012. This application was accepted in February 2013 and consultation was conducted with interested and affected parties in April and June 2013. An Environmental Management Plan (EMP) was submitted in April 2013 and a site visit was made by various governmental departments (DMR, EWT, and REMDEC) in September 2013. During the second quarter 2015, notice was received from the Department of Mineral Resources, South Africa which granted the Company the prospecting rights for gold and silver in the applied for area subject to certain subsequent conditions being met. The Company has fulfilled those requirements and the Prospecting Right, together with the EMP, was executed and became effective on April 7, 2016. The Prospecting Right has been granted for a term of five years effective as of May 2015.

Several of the land owners have notified the Company of their intent to deny access for exploration activities. A meeting was held with the Department of Mineral Resources (DMR) in Witbank, South Africa to formulate a strategy to go forward. DMR committed as per established procedure to issue letters reiterating the Company's right to have access to the license area. To date, the DMR has not issued the aforementioned letters and the Company has again approached the DMR to follow through on their obligation to resolve the access. Once the land access issue has been resolved the Company will commence its exploration activities.

During the quarter, the Company was informed that certain portions of our license areas were designated as a World Heritage site by UNESCO. UNESCO has informed the Company that in accordance with the Operational Guidelines for the Implementation of the World Heritage Convention, UNESCO are investigating the situation that the Company brought to their attention. UNESCO has informed us that according to IUCN, the Advisory Body to the intergovernmental World Heritage Committee concerning nominations of natural heritage sites on the World Heritage List, the overlapping prospecting licence on the western portion of the property or of the presence of Tsodilo Resources Ltd was not brought to the attention of IUCN during the evaluation process. The documentation related to the evaluation and inscription of the site on the World Heritage List from UNESCO's website at: http://whc.unesco.org/en/list/1575/documents .

As the responsibility for nominating sites to the World Heritage List and the management and protection of the World Heritage properties inscribed is under the authority of the State Party of South Africa, UNESCO will contact the national authorities to seek their clarifications on this matter.

The license comprises 9,033 hectares and has a proposed minimum spending commitment of SA Rand 2,116,527 ($140,243 USD as at September 30, 2019) if held to the furthest out initial full-term to May 2020. All expenditures have been curtailed until such time as access to the license area is provided.

4. PROPERTY, PLANT, AND EQUIPMENT

Property, Plant, and Equipment

Cost	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2017	$199,720	$ 1,364,439	$ 550,226	$ 2,114,385
Disposals	--	(18,952)	-	(18,952)
Net Exchange Difference	(16,940)	(115,731)	(42,398)	(175,069)
As at December 31, 2018	$182,780	$1,229,756	$507,828	$1,920,364

	Hangar	Vehicles	Furniture and Equipment	Total
at December 31, 2018	$182,780	$1,229,756	$507,828	$1,920,364
Additions	--	--	--	--
Net Exchange Difference	(4,000)	(26,911)	(10,012)	(40,923)
As at September 30, 2019	$178,780	$1,202,845	$497,816	$1,879,441

Accumulated Depreciation

	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2017	$22,701	$ 1,315,552	$ 227,686	$ 1,565,939
Depreciation	20,123	12,185	66,454	98,762
Disposals	--	(18,952)	--	(18,952)
Net Exchange Difference	(2,579)	(111,583)	(14,566)	(128,728)
As at December 31, 2018	$40,245	$1,197,202	$279,574	$1,517,021

	Hangar	Vehicles	Furniture and Equipment	Total
As at December 31, 2018	$40,245	$1,197,202	$279,574	$1,517,021
Depreciation	14,762	7,961	47,319	70,042
Disposals				
Net Exchange Difference	(204)	(26,201)	(5,712)	(32,117)
As at September 30, 2019	$54,803	$1,178,962	$321,181	$1,554,946

Net book value

As at December 31, 2018	$142,535	$32,554	$228,254	$403,343
As at September 30, 2019	**$123,977**	**$23,883**	**$176,635**	**$324,495**

For the period ended September 30, 2019, an amount of $72,837 (2018: $74,999) of amortization has been capitalized under exploration properties.

5. NON-CURRENT NOTES PAYABLE

In 2018, and on February, 1June 30 and September 30, 2019, long-term notes were issued for $464,373, $85,000,$280,847 and $36,462 respectively from related parties, contractors and employees as settlement of compensation, service fees and expenses payable. The notes have an annual interest rate of 8% per annum and are due September 30, 2020, December 30, 2020 and January 31, 2021. The notes carry a termination fee of 10% upon early redemption of the notes for which there is an embedded derivative arising – the fair value of this is $NIL. There was no material gain / (loss) arising on this. In addition, at the option of the note holders, the notes can be converted to stock during future private placements at the price, that raise a minimum of CAD $500,000. $423,865 of the notes are from related parties (see note 9).

Date	Base Amount	Interest Rate	Termination fee	Maturity Date
1-Oct-18	$20,000	8%	$2,000	30-Sep-20
31-Dec-18	$444,343	8%	$44,344	30-Dec-20
1-Feb-19	$85,000	8%	$8,500	31-Jan-21
30-Jun-19	$84,149	8%	$ 8,415	30-Dec-20
30-Sept-19	$36,462	8%	$3,646	30-Dec-20

6. CURRENT NOTES PAYABLE

On June 30, and September 30, 2019, a short-term promissory note was issued to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

Date	Base Amount	Interest Rate	Termination fee	Maturity Date
30-Jun-19	$206,113	8%	NA	NA
30-Sept-19	$72,685	8%	NA	NA

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.

Issued and outstanding: 45,347,310 Common Shares as at September 30, 2019 and September 30, 2018:

1) Issued during the period-ended September 30, 2019: None
2) Issued during the year-ended December 31, 2018: None

(b) Warrants

As at September 30, 2019, there were no warrants outstanding.

As at September 30, 2018, the following warrants were outstanding:

Number of Warrants - Units

Expiry	Exercise Price (USD)	December 31 2017	Issued	Exercised	Expired	September 30 2018
April 29, 2018	$0.60	1,008,948			1,008,948	--
December 12, 2018	$0.75	10,795,578	--	--	--	10,795,578
		11,804,526	--	--	1,088,948	10,795,578

On April 29, 2016, the Company issued 1,008,948 warrants with an exercise price of $0.60, expiring on April 29, 2018. As the strike price of these warrants is in U.S. Dollars, the warrants were classified as equity instruments. The values of the units are equal to the value of the common shares at the issuance date.

On December 12, 2016, the Company issued 10,795,578 warrants with an exercise price of $0.75, expiring on December 12, 2018. As the strike price of these warrants is in U.S. Dollars, the warrants were classified as equity instruments. The values of the units are equal to the value of the common shares at the issuance date.

On April 29, 2018, 1,008,948 warrants at $0.60 expired.
On December 12, 2018, 10,795,578 warrants at $0.75 expired.

c) Stock Option Plan

The Company has a stock option plan ("SOP") providing for the issuance of options that cannot exceed 5,629,830 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 Toronto Stock Exchange the day before the grant date. Options generally vest ratably 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. Stock options when exercise will result in equity contributions.

The following Table summarizes the Company's stock option activity for the year ended December 31, 2018 and 2017 and the period September 30, 2019.

	Number of Options	Weighted average exercise price (C$)
Outstanding as at December 31, 2017	3,667,500	C$0.92
Granted	860,000	C$0.58
Forfeited	(640,000)	C$0.87
Expired	(635,000)	C$1.10
Outstanding as at December 31, 2018	3,252,500	C$0.81
Granted	1,175,000	C$0.19
Forfeited	(500,000)	C$0.77
Expired	(552,500)	C$1.05
Outstanding as at September 30, 2019	3,375,000	C$0.56

2019

On January 2, 2019, 222,500 stock options issued at C$0.75 expired.

On January 2, 2019, the Company issued 250,000 options exercisable at C$0.28 under its SOP to persons who are officers and employees of the Company.

On February 19, 2019, 500,000 stock options were forfeited.

On March 21, 2019, 380,000 options exercisable at C$1.25 expired.

On June 6, 2019, the Company issued 925,000 options exercisable at C$0.17 under its SOP to persons who are officers and employees of the Company.

2018

On January 2, 2018, the Company issued 260,000 options exercisable at C$0.65 under its SOP to persons who are officers and employees of the Company.

On January 3, 2018, 235,000 stock options issued at C$1.20 expired.

On March 22, 2018, 400,000 stock options issued at C$1.04 expired.

On March 26, 2018, the Company issued 600,000 options exercisable at C$0.55 under its SOP to persons who are directors and employees and an advisor to the Company.

During the year ending 2018, 640,000 stock options were forfeited.

The following table summarizes the stock based compensation expense and capitalized stock based compensation for the periods ended September30, 2019 and 2018.

	2019	2018
Stock-based compensation expense	**$91,909**	$256,929
Capitalized Stock-based compensation expense	**--**	--
	$91,909	$256,929

The following assumptions were used in the Black Scholes option pricing model to fair value the stock options granted during the periods ended September 30, 2019 and 2018:

	2019	2018
Expected lives	**4.05 years**	4.11 years
Expected volatilities (based on Company's historical prices)	**93.8-96.1%**	93.5%-95.5%
Expected dividend yield	**0%**	0%
Risk free rates	**1.86-2.47%**	2.13-2.54%
Weighted average fair value of option	**$0.13**	$0.40

The following table summarizes stock options outstanding as at September 30, 2019:

Options Outstanding				Options Exercisable		
Exercise Price (C$)	Number of Outstanding Options	Weighted Average Exercise Price (C$)	Weighted Average Remaining Contractual Life (Years)	Number of Exercisable Options	Weighted Average Exercise Price (C$)	Weighted Average Remaining Contractual Life (Years)
C$1.05	200,000	C$1.05	0.26	200,000	C$1.05	0.26
C$0.83	200,000	C$0.83	0.49	200,000	C$0.83	0.49
C$0.70	100,000	C$0.70	0.92	100,000	C$0.70	0.92
C$0.72	200,000	C$0.72	1.26	200,000	C$0.72	1.26
C$0.79	250,000	C$0.79	1.52	250,000	C$0.79	1.52
C$0.69	200,000	C$0.69	2.26	200,000	C$0.69	2.26
C$0.85	400,000	C$0.85	2.51	400,000	C$0.85	2.51
C$0.65	200,000	C$0.65	3.26	200,000	C$0.65	3.26
C$0.55	500,000	C$0.55	3.48	500,000	C$0.55	3.48
C$0.28	200,000	C$0.28	4.26	100,000	C$0.28	4.26
C$0.17	925,000	C$0.17	4.68	231,250	C$0.17	4.68
	3,375,000	C$0.56	2.93	2,581,250	C$0.68	2.41

7. 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 2018 of approximately 26.5% (2017: 26.5%) to loss before income taxes as follows:

	December 31, 2018	December 31, 2017
Loss for the year	**($1,015,437)**	($1,301,378)
Income tax rate	**26.50%**	26.50%
Income tax recovery	**(269,091)**	(344,865)
Foreign operation taxed at lower rates	**(13,253)**	1,670
Permanent differences	**64,385**	89,942
Change in benefits not recognized	**197,785**	220,999
Changes in estimate and foreign exchange	**20,174**	32,254
Provision for income taxes	**$ --**	**$ --**

As of December 31, 2018 the following deferred tax assets and liabilities have been recognized:

	December 31, 2018	December 31, 2017
Property, Plant and Equipment	**(18,000)**	($ 27,000)
Exploration & Evaluation Assets	**(1,492,000)**	(1,293,000)
Deferred tax liabilities	**(1,510,000)**	(1,320,000)
Tax losses carried forward	**1,510,000**	1,320,000
Net deferred income tax asset recorded	**$ --**	$ --

As at December 31, 2018 the Company has unrecognized deductible temporary differences aggregating to $16,898,000 (2017: $17,064,000), 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.

	December 31, 2018	December 31, 2017
Losses carried forward - Botswana	**10,046,000**	$10,832,000
Losses carried forward - Canada	**6,305,000**	5,661,000
Other	**547,000**	571,000
	16,898,000	$ 17,064,000

The Canadian tax losses of $6,305,000 (2017: $5,661,000) expire from 2026 through to 2038. The majority of Botswana tax losses can be carried forward indefinitely with the remainder expiring within five years.

	December 31, 2018	December 31, 2017
Total assessable losses relating to the activity in Botswana	**$16,907,000**	$16,830,150

8. LOSS PER SHARE

Net loss per share was calculated based on the following:

Period ended September30	2019	2018
Net loss for the period	**($64,149)**	($733,204)
Effect of Dilutive Securities		
Stock options and warrants	**--**	--
Diluted net earnings (loss) for the period	**($64,149)**	($733,204)

The diluted loss per share is the same as the basic loss per share for the period ended September 30, 2019 because the stock options and warrants were anti-dilutive and had no impact on the EPS calculation. Weighted average shares used in the per share calculation were 45,347,310 see note 6 above.

9. RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company

	2019	2018
Short term employee remuneration and benefits	**$202,502**	$322,502
Stock based compensation	**84,490**	76,574
Other long-term benefits*	**88,188**	83,852
Total compensation attributed to key management personnel	**$379,180**	$482,928

*Benefits include $21,552 of accrued leave through September 30, 2019 (2018: $21,552).

- ◊ During the period an individual related to the CEO provided administrative and management services to the Company in 2019 and was remunerated in 2019 as at September 30 in the amount of $29,000 (2018: $27,000).
- ◊ During the period, individuals related to key management personnel of the Company, received $4,742 in stock based compensation during the period (2018: $10,685).
- ◊ In 2018, board members were issued notes in the amount of $338,865 (See note 5 above for details).
- ◊ In 2019, a former board member and officer was issued a note in the amount of $85,000. (See note 5 above for details).
- ◊ In 2019, demand promissory notes were issued to a director and officer in the amount of $206,113 and $72,685 (See note 6 above for details).

There are no other related party transactions.

10. SEGMENTED INFORMATION

The Company is operating in one industry. As at September 30, 2019 the Company's property, plant, and equipment in the United States was $165(2018: $1,175) and in Botswana $324,330 (2018: $432,249). No revenues were realized for exploration and evaluation properties that are detailed in note 3 above. Segment long-term exploration and evaluations properties in Botswana were $6,898,501 (2018: $6,444,588) and South Africa were $7, 531 (2018: $10,581).

11. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued liabilities and non-current notes payable. The carrying values of these items as presented in the condensed interim consolidated financial statements are reasonable estimates of fair values due to the maturity and the terms of these instruments.
The Company's financial instruments have been classified as follows:

Financial Instrument	**Classification**
Cash	IFRS 9: Amortized cost (2018) IAS 39: Loans and receivables (2017)
Accounts receivable	IFRS 9: Amortized cost (2018) IAS 39: Loans and receivables (2017)
Accounts payable and accrued liabilities	Other financial liabilities
Subscriptions	Other financial liabilities
Non-current notes payable	Other financial liabilities

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, foreign exchange risk, and interest rate risk. Where material these risks are 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 in order 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 in light of 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. No equity capital was raised in 2018 nor through September 30, 2019.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions.

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.

(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 cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet it contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and accounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The majority of the Company's cash is held with a major Canadian based financial institution.

There are no allowances for doubtful accounts required.

(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 because the non-current 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 asset and liability exposures as at September 30, 2019, a ten percentage change in the exchange rate would result in a ($165,923) (2018: $91,082) impact to the Company's net comprehensive income/(loss).

The Company issues equity in Canadian dollars and the majority of its expenditures are in U.S. dollars. The Company purchases U.S. 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 as outlined in note 3.

Lease Commitments

Currently, the aggregate minimum lease payments* are as follows:

Year	Facility	Term	BWP			USD
			Rental	Services	Total	
2019	Hangar Maun[1]	2/01/2016 – 12/31/2026	126,960	19,044	146,004	13,885
2019	Shakawe Plot[2]	1/01/2016 – 12/31/2020	72,000	-	72,000	6,847
2019	Letlhakane Plot[3]	TBD	-	-	-	-
	Total				218,004	20,732

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

[1]The lease has an effective date of January 1, 2016 and continues for 10 years at 8% escalation annually and shall be renewed every three (3) years at market and commercial rates. The initial monthly lease payment is 8,000 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, 2016 and is renewable at the company's option for an additional 4 years expiring on December 31, 2020. The monthly lease payment is 6,000 BWP.

[3]The lease is in the process of being transferred from the current primary lessee to Newdico. The transfer papers have been submitted to the local land board for approval. The lease cost is expected to be 6,000 BWP / month.

13. NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 30 2019	September 30 2018
Net change in non-cash working capital balances:		
Increase (decrease) in accounts receivable and prepaid expenses	**$ 41,426**	$183,818
Increase (decrease) in accounts payable and accrued liabilities	**(234,630)**	140,481
Total	**($193,204)**	$304,299

14. SUBSEQUENT EVENTS

NONE