

TSODILO RESOURCES LIMITED

PROGRAM UPDATE DRILL INVESTIGATION OF MAGNETIC ANOMALIES CONTINUES TO REVEAL FURTHER KIMBERLITES

October 2, 2006

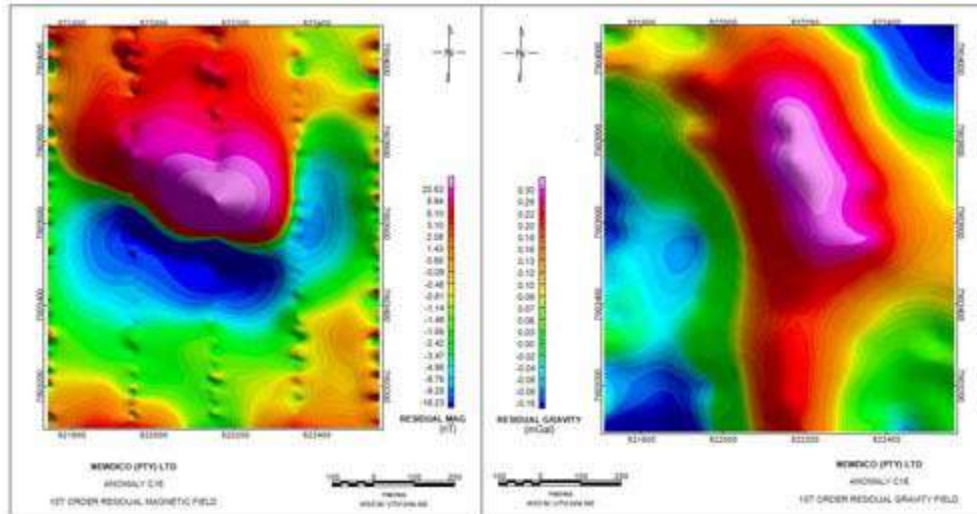
TORONTO, ONTARIO - Tsodilo Resources Limited ("Tsodilo") (TSX Venture Exchange: TSD) is pleased to announce that the drill investigation of several high-priority airborne magnetic anomalies in the Nxau Nxau kimberlite field in their Newdico (Pty) Limited ("Newdico") license blocks in northwest Botswana has confirmed further kimberlite intrusives.

BACKGROUND:

Newdico purchased and commissioned an Atlas Copco diamond drill rig in July 2006 and has concentrated their initial drill investigation on a number of high priority targets within the known Nxau Nxau kimberlite field, where previous drilling had confirmed 25 separate kimberlite intrusives. Target priorities are based on the results of airborne and ground magnetic surveys, ground gravity surveys and kimberlite indicator sampling.

ANOMALY C15

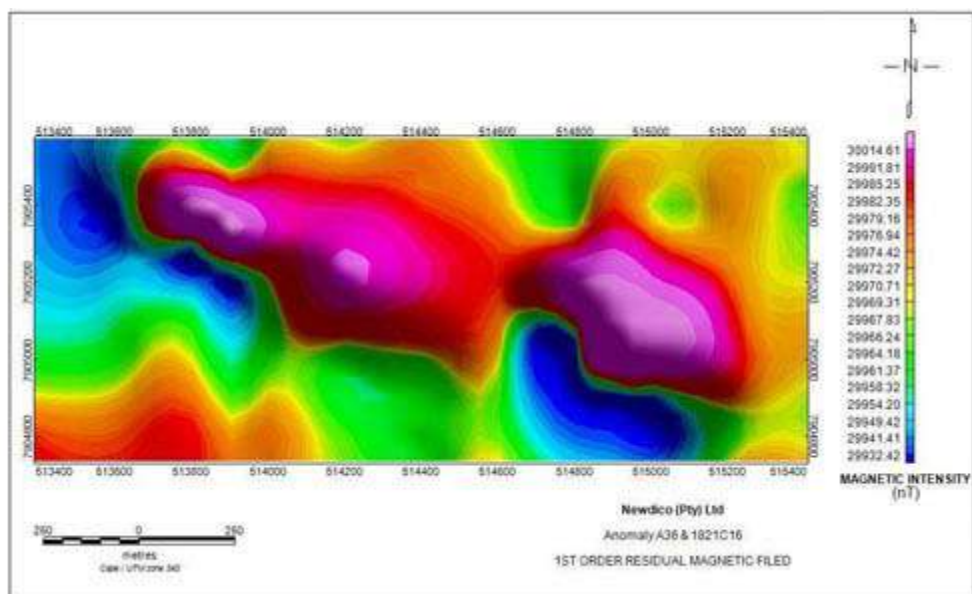
As reported in a previous release, airborne magnetic anomaly C15 portrays a coincident magnetic and gravity high displaying good isolation and is interpreted to be a slightly elongate kimberlite, measuring approximately 250 meters north-south and 400 meters east-west. The first drillhole intersected a 30 meter thick sequence of kimberlite crater sediments and a second hole some 50 meters to the north confirmed that the tuff sediments are thickening to the north, becoming 58 meters thick over this short distance, and again display kimberlitic pyrope garnets, chrome diopside and ilmenite grains in hand specimen. The results of core samples submitted for petrographic description and indicator mineral chemistry are still awaited.



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THE A36 AND 1821 C16 ANOMALIES

These two groups of anomalies are interpreted to be a linear zone of kimberlite dyke-like bodies with several “blows” over a strike length of some 1.6 kilometers with some offset due to block faulting. Eight short vertical holes have shown that this interpretation is essentially correct, with several intersections of fine-grained kimberlite, extensive dolomitic marble wall rock alteration and fracturing, with contact zones displaying chill margins, and being at high angles to the core axis. The western-most hole intersected fresh kimberlite in three closely-spaced intervals over a vertical depth of 65 meters. Further evaluation of the size and extent of this dyke system will be conducted when additional drilling equipment has been delivered to enable angle hole drilling. Samples of the kimberlite material have been collected and submitted for petrographic description and determination of the indicator mineral chemistry.



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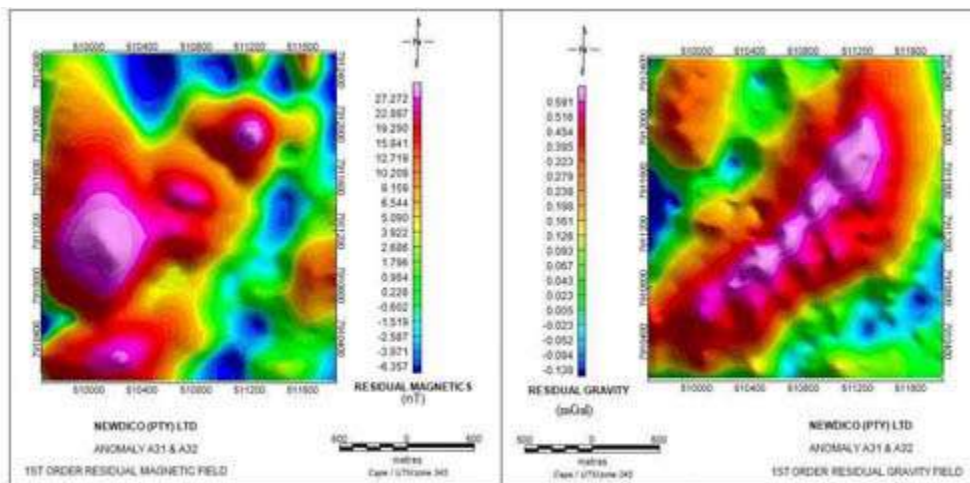
KAUDOM PALEO DRAINAGE CHANNEL DRILLING

The present-day Kaudom stream course arises some 75 kilometers west of the Botswana / Namibia border and follows a linear easterly course for some 80 kilometers before turning abruptly south-east as it flows into the Okavango basin. Several remote sensing and topographic studies have suggested that the upper, linear Kaudom course is superimposed on an older paleo drainage channel. A section across the stream course was drilled to investigate this theory. Four vertical holes were initially planned and drilled over a 400 meter long north-south section where thick calcrete development in the banks suggested an above-average groundwater source. All four of these drill holes intersected kimberlite crater sediments in a basin-like depression developed in the underlying dolomitic marble basement. Although the paleo drainage channel theory has not been conclusively proven, the drilling has found a previously unknown kimberlite crater sediment deposit in a magnetically “quiet” zone. A further two holes 100 meters east and west of the section respectively, and which also intersect kimberlite crater sediment, were drilled to show the lateral extent and shape of the basin. These further holes indicate that the centre of the basin lies to the east of the section. Further drilling and outlining of this basin deposit will be done once the mineral chemistry of the kimberlite indicator minerals indicates the potential of this deposit and its intrusive core.

MAGNETIC ANOMALIES A32 & A31

The first of a planned 4-hole drill program to investigate this complex of airborne magnetic anomalies has recently been completed at anomaly A32 and fine-grained tuffaceous kimberlite crater sediment was intersected after 31 meters of aeolian Kalahari sand. The hole was drilled to 173 meters and was still within the crater sediment deposit when drill ceased. The second hole at

A32 is sited some 350 meters to the north of the current hole and is currently in progress. As with previous drill holes, samples of the kimberlitic material will be submitted for petrographic and indicator mineral analysis.



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CONCLUSIONS:

The drilling results to date have been most encouraging with 3 new kimberlite deposits to increase our tally in the Nxau Nxau field to 28 kimberlites. Our exploration methodology is showing positive results and we are confident that this systematic approach to evaluation of motivated targets will prove to be the most cost-effective means of discovering a diamondiferous kimberlite within our licenses.

“September was a very good month with several new exciting kimberlite discoveries. The developments and discoveries in the field are very encouraging and confirm our exploration methodology. We remain on track to find the source or sources of the secondary diamond KIM anomalies down slope to the west of us” states James M. Bruchs, President and CEO.

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

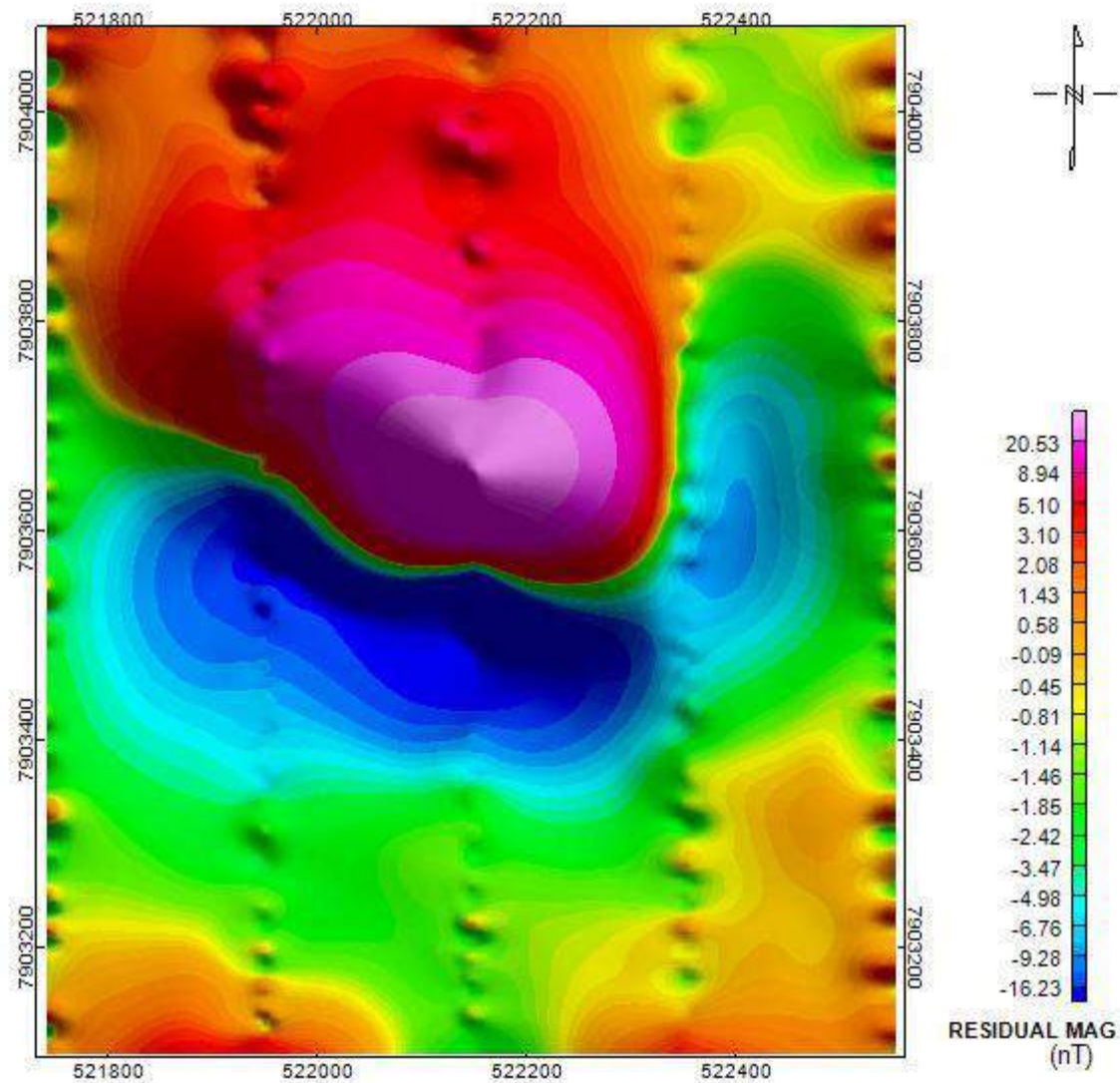
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FOR FURTHER INFORMATION PLEASE CONTACT:

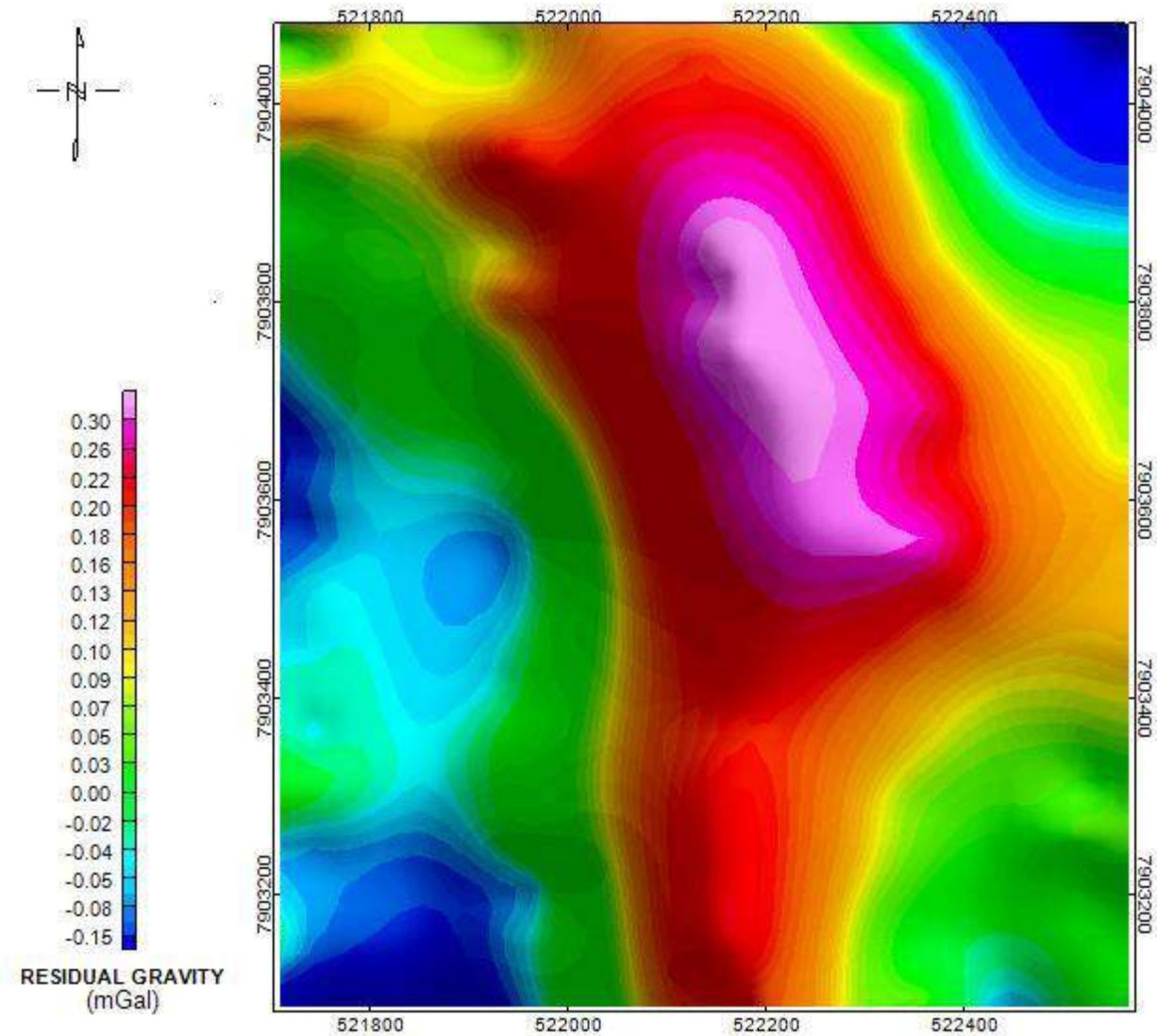
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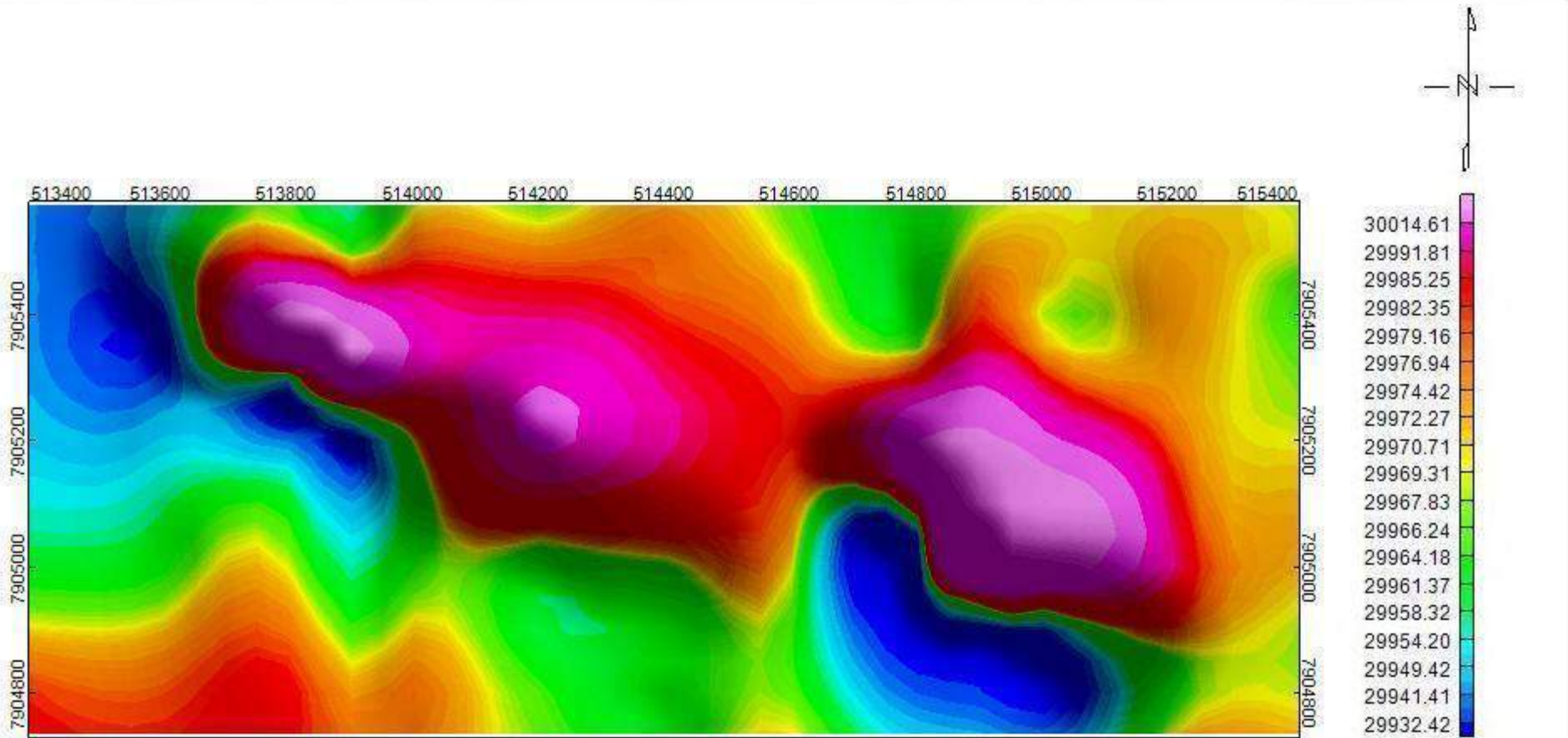


NEWDICO (PTY) LTD
ANOMALY C15
1ST ORDER RESIDUAL MAGNETIC FIELD

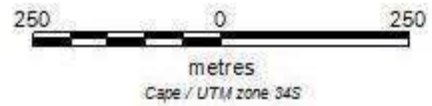


NEWDICO (PTY) LTD
ANOMALY C15
1ST ORDER RESIDUAL GRAVITY FIELD

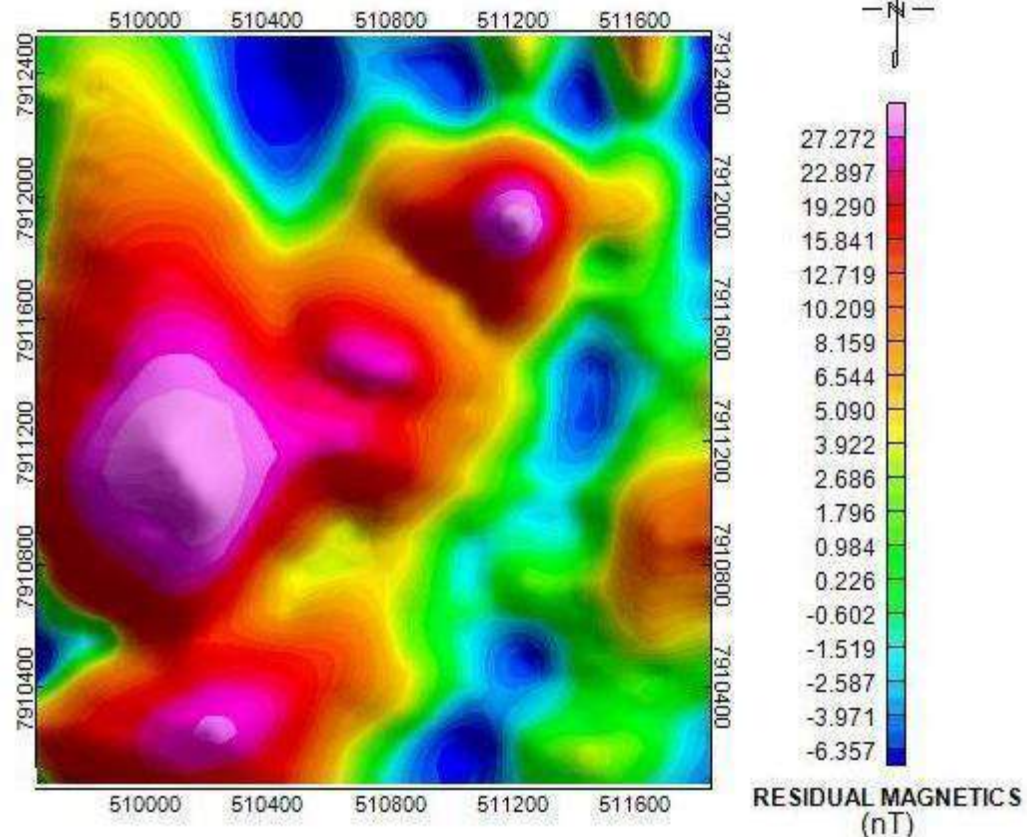




**MAGNETIC INTENSITY
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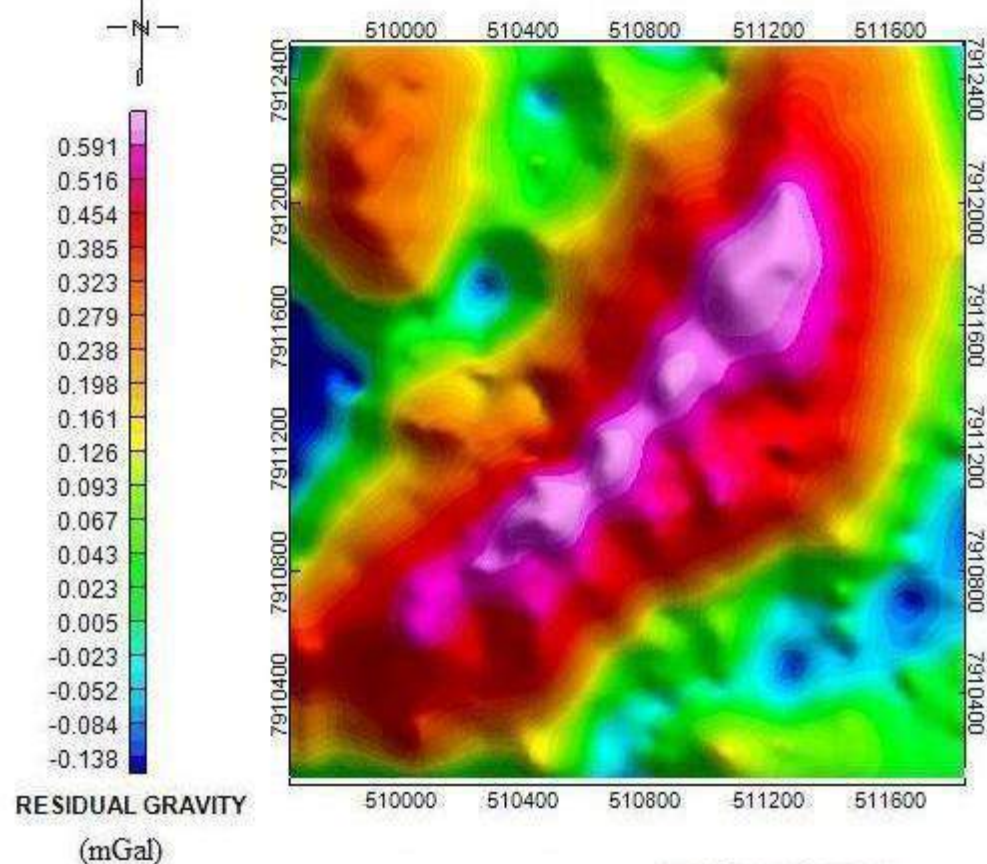
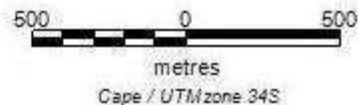
Newdico (Pty) Ltd
Anomaly A36 & 1821C16
1ST ORDER RESIDUAL MAGNETIC FILED



NEWDICO (PTY) LTD

ANOMALY A31 & A32

1ST ORDER RESIDUAL MAGNETIC FIELD



NEWDICO (PTY) LTD

ANOMALY A31 & A32

1ST ORDER RESIDUAL GRAVITY FIELD

