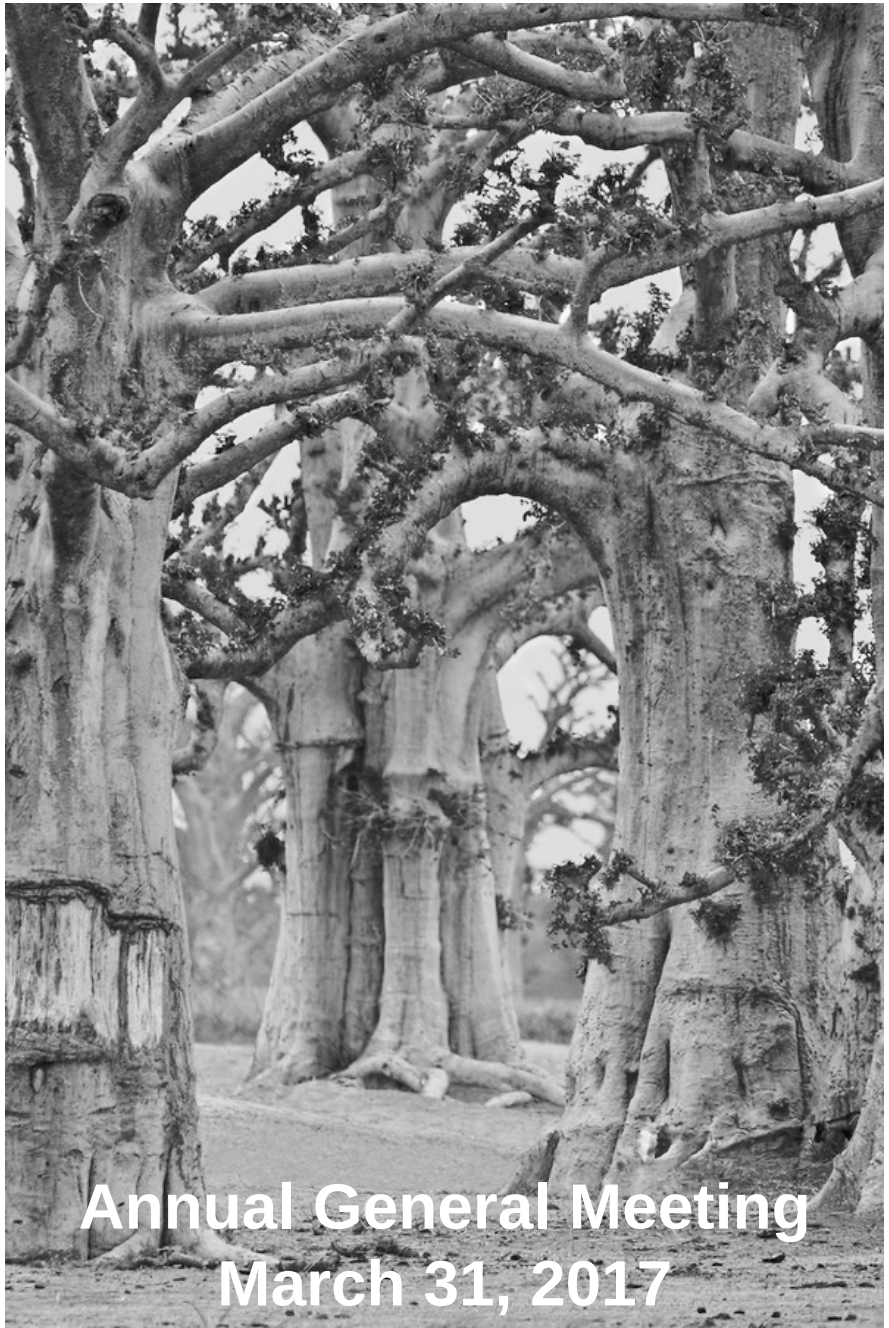
TSODILO RESOURCES LIMITED



Annual General Meeting
March 31, 2017

EVALUATION OF THE BK16 DIAMONDIFEROUS KIMBERLITE
ORAPA KIMBERLITE FIELD - BOTSWANA

Forward-looking statement

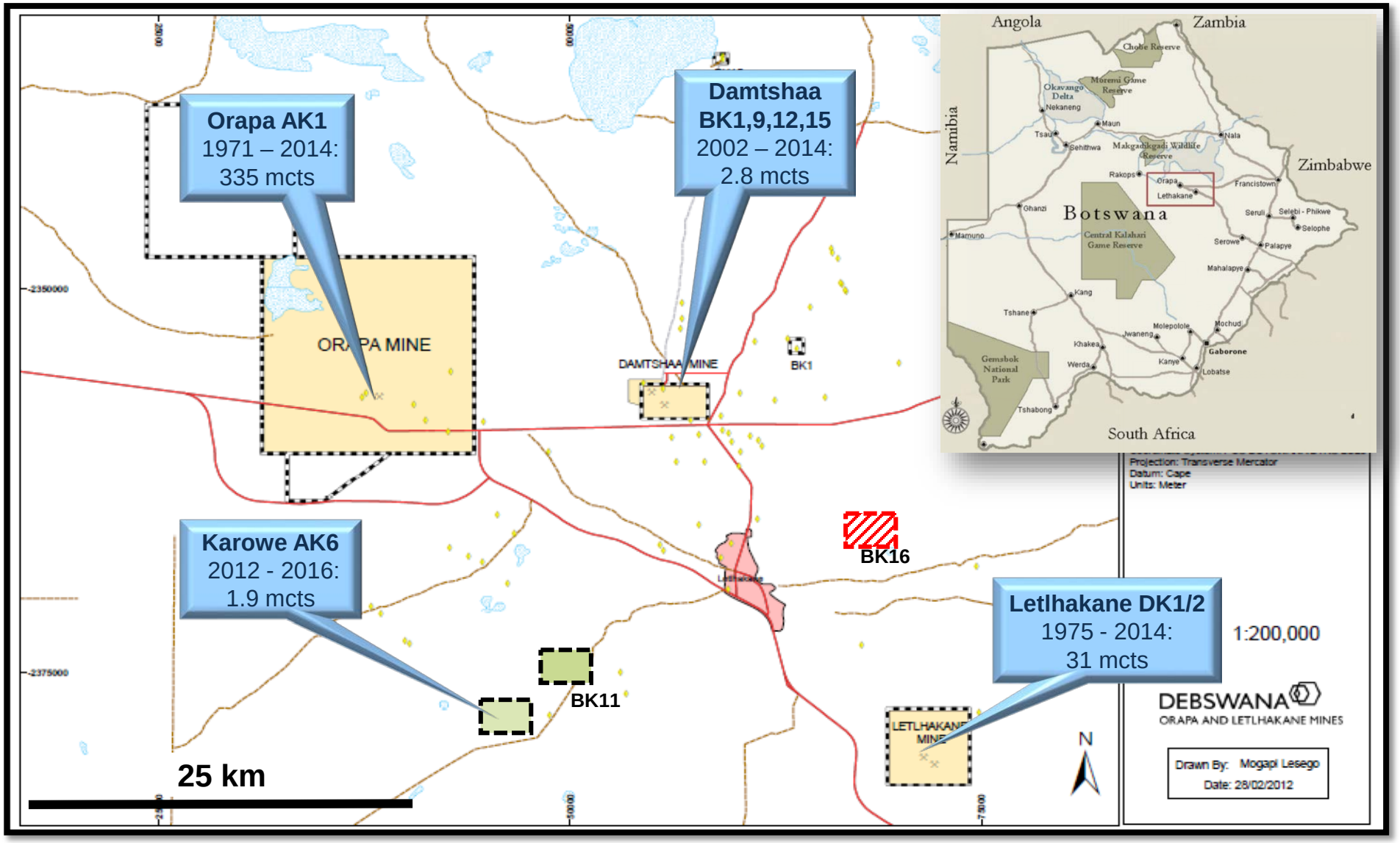
National Instrument 43-101 - Standards of Disclosure for Mineral Projects, Form 43-101F1 and Companion Policy 43-101CP requires that the following disclosure be made:

This presentation contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the development of the Company's projects) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in equity markets, political developments in Botswana and surrounding countries, changes to regulations affecting the Company's activities, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties involved in interpreting exploration results and the other risks involved in the mineral exploration business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

OVERVIEW

- Tsodilo Resources Limited (TSX-V: TSD) is a Toronto-listed exploration company with a portfolio of prospecting licences in Botswana
- Prospecting licence PL369/14 covering kimberlite BK16 was granted to Bosoto Ltd (100% Tsodilo) out of 16 competitor applications
- Kimberlite pipe BK16, discovered in 1970, is located in the prolific Orapa Kimberlite Field
- The evaluation and development work initiated in 2004 by the De Beers and African Diamonds PLC (AIM:AFD) joint venture resulted in the Karowe Mine, a renowned producer of rare and valuable Type IIa diamonds.
- Two members of Tsodilo's board were part of that program recognizing the potential and advancing the world-class diamond deposit at the nearby AK6 kimberlite, now operated by Lucara Diamond Corp. (TSE:LUC) as the Karowe Mine.
- Mike de Wit was head of Africa exploration for De Beers
- Mark Scowcroft was a founder of African Diamonds PLC and Executive Director responsible for Botswana operations

ORAPA: MINES AND ADVANCED PROJECTS



BK16 – HISTORICAL WORK

Company	Licence	Period	Activity	cpht
De Beers (Discoverer) / Debswana	State Grant 14/72,1/76, PLs16, 17/86	1970 – 72 1976 – 99	Drilling (no details provided), shaft sunk to 36m, bulk sample treatment	~13
Auridium Botswana Ltd.	PL 119/94	1994 - 95	Percussion Drilling: 2 holes produced 11.8 t.	4.7 (3 stones: 0.264 ct)
MCH/Auridium JV		1998	RC Drilling: 5 holes (811 m) 12¼ inch produced 140 t – reduced to 56 t (+1.0mm).	4.1 (25 stones: 4.99 ct)
		2000	Drives from shaft: 1,115t of basalt-breccia kimberlite treated	1.8 (79 stones: 19.57 ct)
Kenrod/ SouthernEra JV	PL 03/2005	2007	Percussion Drilling: 19 holes,, 12 inch (2,278 m) produced 12.4t.	5.7 (5 stones: 0.71 ct)
Kenrod/SouthernEra /Firestone JV		2008	Core Drilling 3 holes (622 m), Mida sampling (221 kg).	Diamond- bearing

THE KAROWE (AK6) MINE

- In 2016, Karowe produced 353,974 carats (~15cpht)
- 2016 Revenue $295.5 million or $824 per carat. Excluding the sale of the 813 carat Constellation diamond, the 2016 average sales price was $649 per carat.
- Karowe recovered a total of 652 Special Stones (stones greater than 10.8 carats) with an average stone size of 26.64 carats per stone. A total of 18 stones greater than 100 carats were recovered including 3 stones greater than 200 carats. Overall the Special Stones account for 4.9 weight percent of the total production at the Karowe Mine.
- The exceptional stone (>10.8 cts) sales resulted in an average price of $34,301 per carat from the sale of 2,624 carats in 2016 (2015: $31,597 per carat from the sale of 3,114 carats), with the regular tenders achieving $400 per carat (2015: $335 per carat).
- EBITDA was $185.4 million for the year (2015: $133.9 million
- Cash operating costs per tonne of ore treated were $26.5 in 2016
- Lucara purchased Karowe from the title holders for USD $130m in 2010
- Initial construction costs for the Karowe Mine was $100m. Additional millions have been spent on the plant to enable current operations the ability to recover diamonds up to 2,000 cts.

813 ct "Constellation" diamond sold recently for $63m

The 1,109 ct "Lesedi la Rona" diamond recovered from the Karowe Mine in 2015 - estimated value $70m+

Picture source: Lucara Diamond Corp

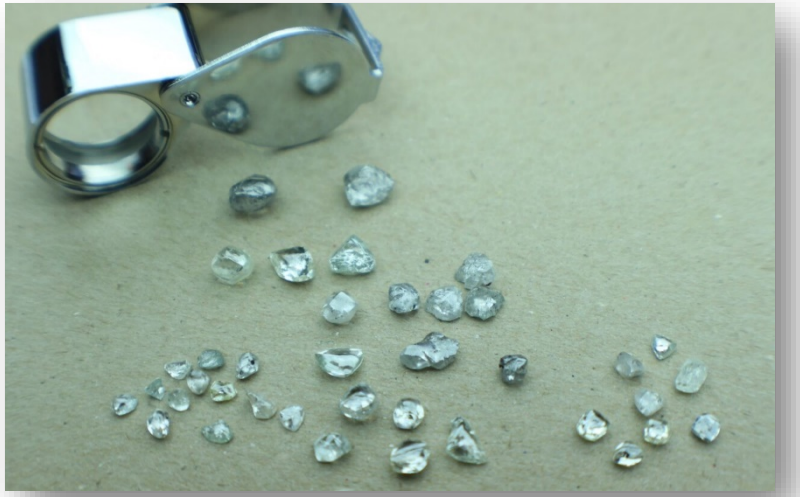
WHY BK16?

- Results of historical work undertaken by De Beers on BK16 were similar to those of Karowe (AK6) at the same stage
- As with Karowe prior to 2004, BK16 has never been properly evaluated
- The near-surface of BK16 is basalt-rich in isolated areas and this had an adverse affect on grades reported from earlier exploration
- Earlier exploration has proved that BK16 contains very high-value diamonds at potentially economic grades
- Core drilling undertaken by Tsodilo has established basic BK16 internal geology and an initial target of 16Mt of kimberlite to 250m below surface
- In-house, working assumption of $50-per-tonne in-situ value for BK16 (20cpht @ $250/ct) likely to be surpassed on extraction and valuation of larger quantities of diamonds

Kimberlite	Initial De Beers Estimates (to year 2000)		After further exploration/production	
	Pipe Size	Grade	Pipe Size	Grade
AK6	3.3ha	0.42 cpcm (~17 cpht)	7.7 ha at 120m	16 - 20cpht (+1.25mm)
BK16	3.5ha	0.32 cpcm (~13 cpht)	5.9 ha subcrop area + SE extension	?

BK16: DIAMOND QUALITY

- A 21.88 carat parcel of diamonds recovered during exploration in the late ‘90s was valued by I.Hennig & Co. in June 2015
- **8 (of 108) diamonds classified by Yehuda colorimeter as D-coloured, Type IIa diamonds**
- Highest value accorded to one stone was $420/ct
- Indications of a possible large stone producer
- The parcel was given a raw value of $139.05 per carat
- In 2004, the first 21.9 carat parcel of Karowe (AK6) diamonds had a raw value of $88 per carat



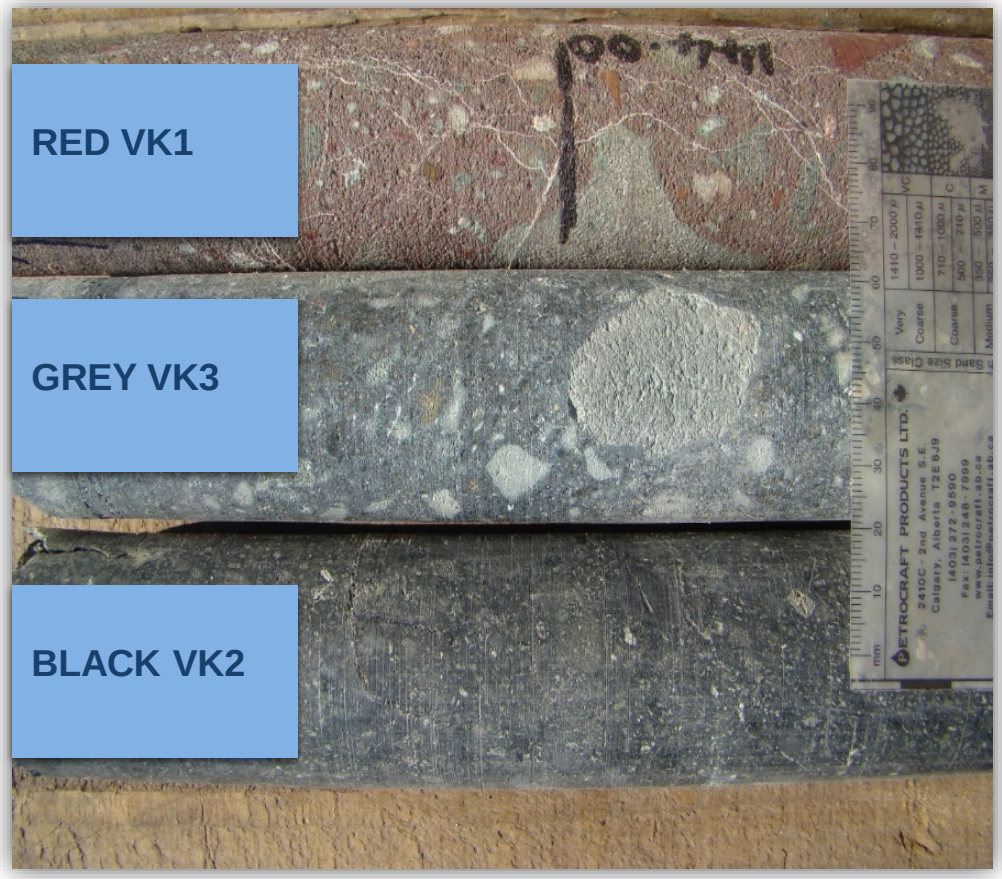
BK16 diamonds

	Lot	Size	Stones	Carats	$/carat	$
Packet 1	2000/1	6grs	1	1.69	250.00	422.50
	2000/2	4grs	1	1.12	200.00	224.00
	2000/3	4grs	1	0.98	400.00	392.00
	2000/4	3grs	2	1.76	275.00	484.00
	2000/5	+11	13	5.57	89.00	495.73
	2000/6	-11+9	8	1.54	121.00	186.34
	2000/7	-9+7	15	1.84	60.00	110.40
	2000/8	-7+5	26	1.94	38.00	73.72
	2000/9	-5+3	13	0.48	28.00	13.44
	2000/10	-3	3	0.05	30.00	1.50
		Subtotal 2000	**83**	**16.97**	**141.64**	**2403.63**
Packet 2	1999/1	4grs	1	0.94	65.00	61.10
	1999/2	3grs	1	0.87	420.00	365.40
	1999/3	+11	2	1.08	55.00	59.40
	1999/4	-11+9	3	0.66	91.00	60.06
	1999/5	-9+7	4	0.58	100.00	58.00
	1999/6	-7+5	3	0.22	63.00	13.86
	1999/7	-5+3	10	0.53	38.00	20.14
	1999/8	-3	1	0.03	30.00	0.90
		Subtotal 1999	**25**	**4.91**	**130.11**	**638.86**
		TOTAL	**108**	**21.88**	**139.05**	**3042.49**

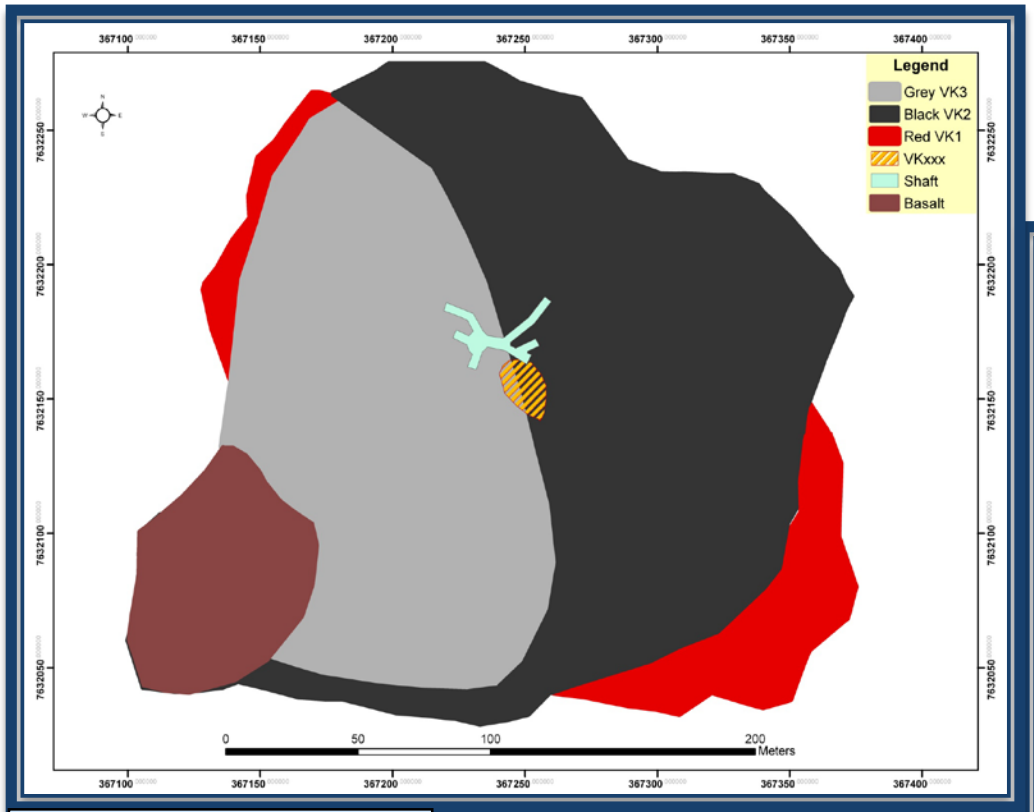
Breakdown of I. Hennig & Co. valuation

BK16: CORE DRILLING 2015

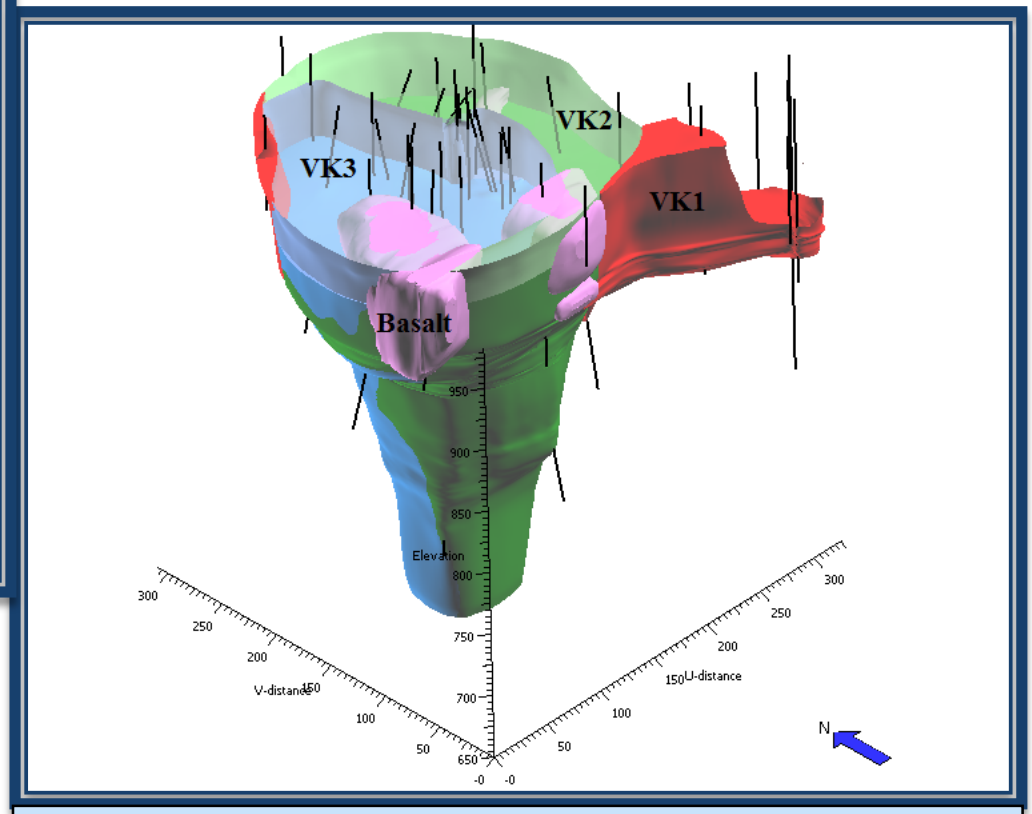
- Preliminary programme of NQ diamond drilling undertaken in May 2015
- 20 holes drilled (3 repeats) for a total of 3,662.2 m
- 3,049.9 m of core recovered
- Main pipe confirmed as 5.9ha beneath 25m of Kalahari sediments, with an undefined extension to the south-east
- Basalt-breccia dilution much less extensive than originally thought
- 3 main phases of volcaniclastic kimberlite ("VK") identified – Red VK1, Black VK2 and Grey VK3



BK16: PRELIMINARY GEOLOGICAL MODEL

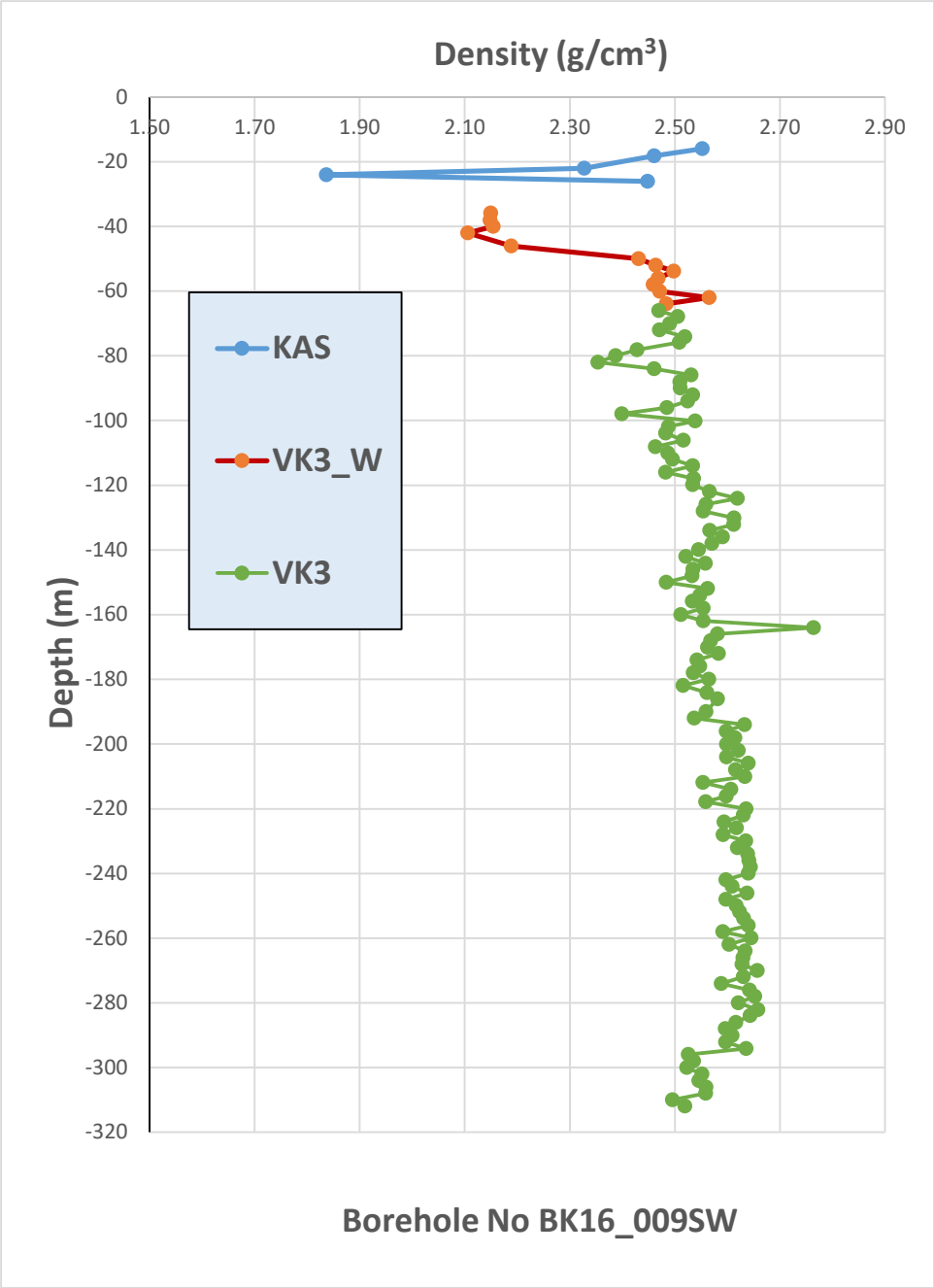


Plan view of BK16



Isometric diagram of BK16 showing main facies and location of completed core holes

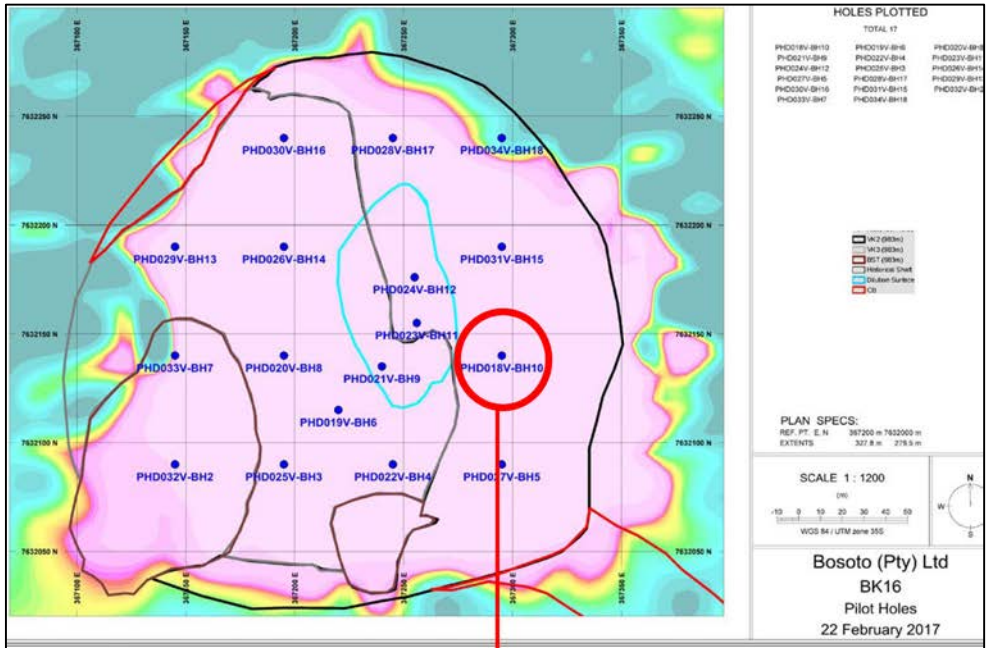
BK16 Density and initial geotechnical work completed

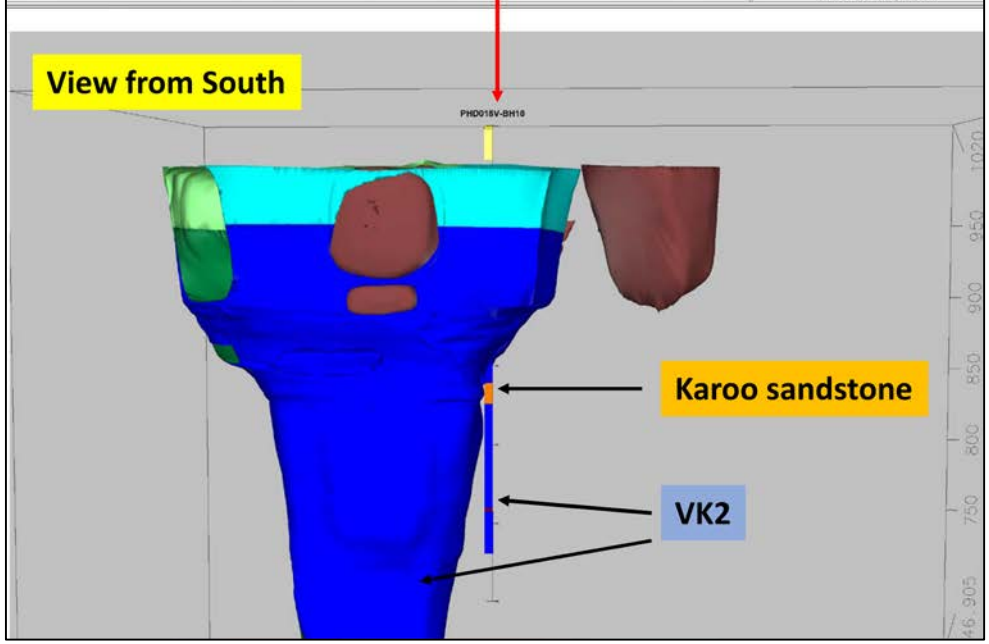


BK16: EVALUATION WORK PROGRAMME

- Tsodilo's geologists have drafted a cost-effective work programme to accurately determine, for the first time, the grade of the two, volumetrically most important phases of kimberlite within BK16 – VK2 and VK3 – and to obtain a larger parcel of diamonds for valuation
- The tailings/dumps of the pipe (approx. 1,500t) have been moved to the plant site
- 14 pilot holes to be drilled in Feb-April as an advance of the Large Diameter Drilling (24")
- The programme will involve drilling 24" large-diameter drill holes to extract bulk samples totaling some 2,000 tonnes of kimberlite initially.
- Samples will be treated using the company-owned mobile 10tph DMS plant purchased from De Beers in 2015 or use an existing sampling plant at Karowe mine.
- This DMS plant is established on a fully-serviced site in Letlhakane, only 15 kms from BK16
- A final recovery section utilizing a X-ray sorter (Flow-sort, Bourevestnik or Debex CDX 116 machine) and grease table.
- The budget for this programme is US$4.5m
- In the event of favourable results, the additional work required for a bankable feasibility study will likely cost approximately US$10m

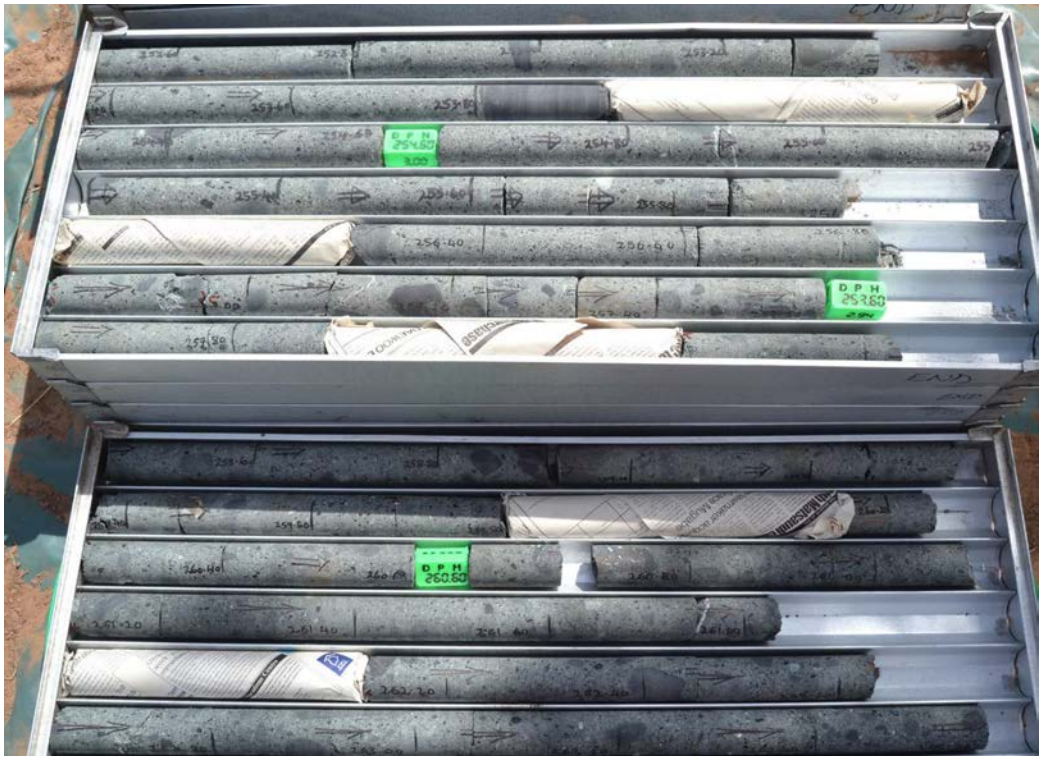
Pilot Hole Drill Program



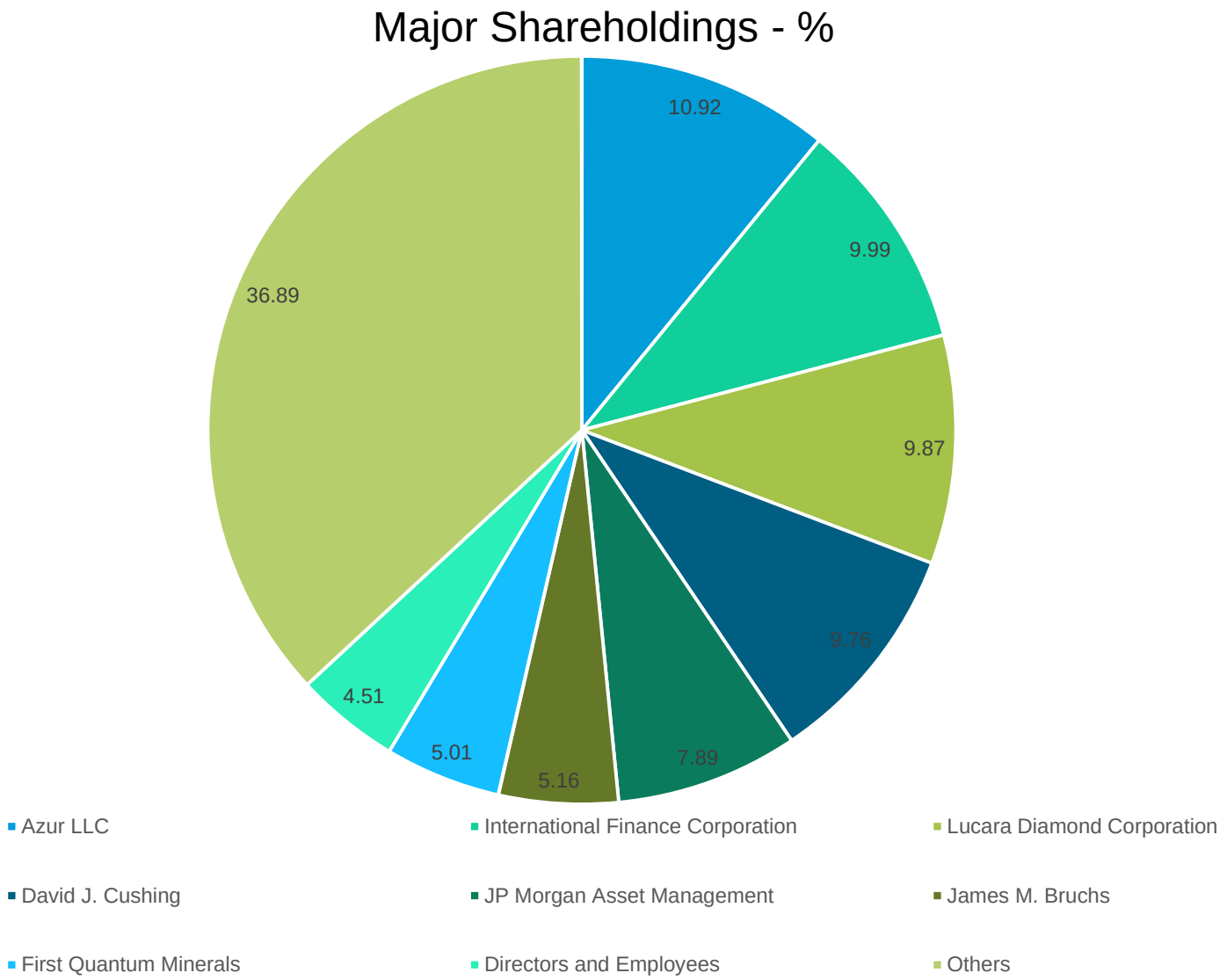


Pilot hole for 24 inch LDD holes for first 2,000 ton sample

Drill Hole depth: includes an estimated 25 m Kalahari cover	VK2 Intersected Model	VK3 Intersected Model	Mass (tonnes) (density x volume)
3,085 m	735 m	1,820 m	2,016 t



BK16: PROPOSED WORK PROGRAMME

License	Period	Activity	US$
PL 369/2014 2014 – 17 2017 – 19 2019 – 21	2014-15	✓ Desktop study of historical data. ✓ Complete detailed ground geophysics (magnetic & gravity) ✓ Diamond drilling of 20 holes (3,050 m of core) – geological model COMPLETED	1.2M
	Phase 1 Evaluation 2016-17	▪ Refurbishment of DMS plant or use existing plant at Karowe mine ▪ Drilling of 17 pilot holes for large diameter drilling program ▪ Drilling of 14 priority LDD sample holes (24”) to establish grade of 2 main phases (VK2 & 3) by processing up to 2,000t. ▪Treatment of sample (+1.0mm) for diamonds– anticipated total of 200+ cts for grade and diamond value ▪Resource modelling NI 43-101 (inferred and indicated) ONGOING	3M+
	Advanced Evaluation 2017-2019	▪Extraction of additional bulk sample by underground mining from existing shaft and further large diameter drilling ▪Treatment of bulk sample to yield 500 -1,000cts for more robust grades and diamond value. Further diamond drilling. ▪Update resource model, modelling mine development, water resource evaluation, EIA, independent econ. assessment for BFS.	TBD but likely to be <10m

Market	EPIC	Share Price	Shares in Issue	Mkt Cap	52 week price range	Warrants and Options	Fully Diluted	Public Float
TSX-V	TSD	C$ 0.86	45,347,310	C$ 39M	0.50-1.05	16,550,601	61,897,991	15,000,000