
News Release

TSODILO RESOURCES LIMITED BK16 KIMBERLITE UPDATE

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TORONTO, ONTARIO - Tsodilo Resources Limited (“Tsodilo” or the “Company”) (TSX- Venture Exchange: (TSD)) is pleased to provide an update on its wholly owned BK16 kimberlite project.

BK16

The BK16 kimberlite project is located within the Orapa Kimberlite Field (“OKF”) in Botswana. The diamond mines in Botswana have produced an average of 27 million carats annually in the last 10 years and Botswana is the world’s largest producer of diamonds by value. In 2016, the OKF area produced 8.85 million carats. Of the 83 known kimberlite bodies, eleven have been or are currently being mined. These are AK01, AK02 and AK07 (Orapa, Debswana), AK06 (Karowe, Lucara Diamond Corporation), BK01, BK09, BK12 and BK15 (Damtshaa, Debswana), DK01 and DK02 (Letlhakane, Debswana) and BK11 (Firestone Diamonds). The Karowe mine has produced such notable diamonds as the 1,109 carat ‘Lesedi La Rona’ and the 813 carat ‘Constellation’.

The diamondiferous BK16 kimberlite pipe is approximately 6 hectares in size at surface, and is known to contain rare and valuable Type IIa diamonds (see press release dated May 31, 2016). The following phases of kimberlite were identified during the 2015 drilling program: Red volcanoclastic kimberlite VK1, Black VK2, Grey VK3 and VKxxx also referred to as the basalt breccia, country rock breccia (CB) and coherent kimberlite (CK1).

License Renewal

Prospecting License No. 369/2014, the BK16 project area, was awarded its first two-year renewal to be effective October 1, 2017 and ending on September 30, 2019.

Polus – M

The circuit for final recovery of the DMS concentrate has been finalized with the purchase of a POLUS-M sorter from Bourevestnik, Inc. (“Bourevestnik”).

Since 1959, Bourevestnik has been the largest Russia’s company to design and manufacture X-ray sorters for enrichment of diamond bearing ore and X-ray analytical instruments for various industries and application. Bourevestnik has been an affiliate branch of ALROSA Co., Ltd. since 2005.

For more than half a century Bourevestnik has been creating devices for the needs of different industries and areas of scientific and technical activities such as mining and ore dressing industry, atomic power energetics, oil refining, metallurgy and machine industry, electronic industry, nano-industry and environmental monitoring, at every turn improving the technologies with regard to progressive market requirements. The Bourevestnik sorter which will be utilized at the final recovery plant ensures up to a 99% recovery rate of diamonds, including low-luminescent and Type II diamonds. The high efficiency of Bourevestnik sorters is made possible by unique combination of proprietary pulsed x-ray excitation of diamond bearing ore and patented design of x-ray optical unit and software algorithms.

The POLUS-M sorter is designed to treat dry diamond concentrate with grain size – 8 + 6, – 6 + 3 and – 3 + 1 mm in the field in order to carry out geological exploration of diamond deposits. The POLUS-M sorter will treat the plus 1 mm to minus 8 mm fraction at the company’s facilities while the plus 8 mm material will be hand sorted at the Diamond Technology Park in Gaborone, Botswana.

The principle of the Polus-M X-ray luminescence sorter is based on diamonds physical property to luminescence under X-ray irradiation which is inherently different to the gangue mineral present. The X-ray tube and photo detectors are located on either side of the material flow when the mode under reference term "luminescence and absorption" is implemented. The difference in X-ray absorption by diamonds compared to other materials is exploited in the process.

Installation, training and servicing will be handled by Bourevestnik, Inc’s offices in Germiston, South Africa.

Dense Medium Separation (DMS) Plant

The refurbishing of the Company owned DMS treatment plant has been completed with the overhaul of the secondary cone crusher and pressure relating issues to the DMS cyclone as the last main obstacles. These issues were picked up during the extended wet commissioning period and have now been rectified. The treatment of the historic tailings from previous evaluation activities that have been stockpiled at the plant commenced on the 8th December. Some 250 tonnes will be processed initially to ensure that the plant is configured correctly and operates efficiently. The processing of this tonnage will take approximately one week to 10 days barring any other issues with the plant's operation. A start will then be made before the end of the year with the treatment of the 243 Large Diameter Drill (LDD) samples which have a cumulative weight of 2,008.9 tonnes. Once the LDD drill samples have been treated the remainder of the estimated 1,500 tonnes of tailings will be put through the plant.

About Tsodilo Resources Limited: Tsodilo Resources Limited is an international diamond and metals exploration company engaged in the search for economic diamond and metal deposits at its Bosoto (Pty) Limited ("Bosoto") and Gcwihaba Resources (Pty) Limited ("Gcwihaba") projects in Botswana and its Idada 361 (Pty) Limited ("Idada") project in Barberton, South Africa. The Company has a 100% stake in Bosoto (Pty) Ltd. which holds the BK16 kimberlite project in the Orapa Kimberlite Field (OKF) in Botswana and the PL216/2017 diamond prospecting license also in the OKF. The Company has a 100% stake in its Gcwihaba project area consisting of twenty-one (21) metal (base, precious, platinum group, and rare earth) prospecting licenses all located in the North-West district of Botswana. Additionally, Tsodilo has a 70% stake in Idada Trading 361 (Pty) Limited which holds the gold and silver exploration license in the Barberton area of South Africa. Tsodilo manages the exploration of the Gcwihaba, Bosoto and Idada projects. Overall supervision of the Company's exploration program is the responsibility of Dr. Mike de Wit, President and COO of the Company and a "qualified person" as such term is defined in National Instrument 43-101.

This press release may contain 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 pertaining to the use of proceeds, the impact of strategic partnerships and statements that describe the Company's future plans, objectives or goals) 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, changes in general economic conditions, 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, exploration and development risks, 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.

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