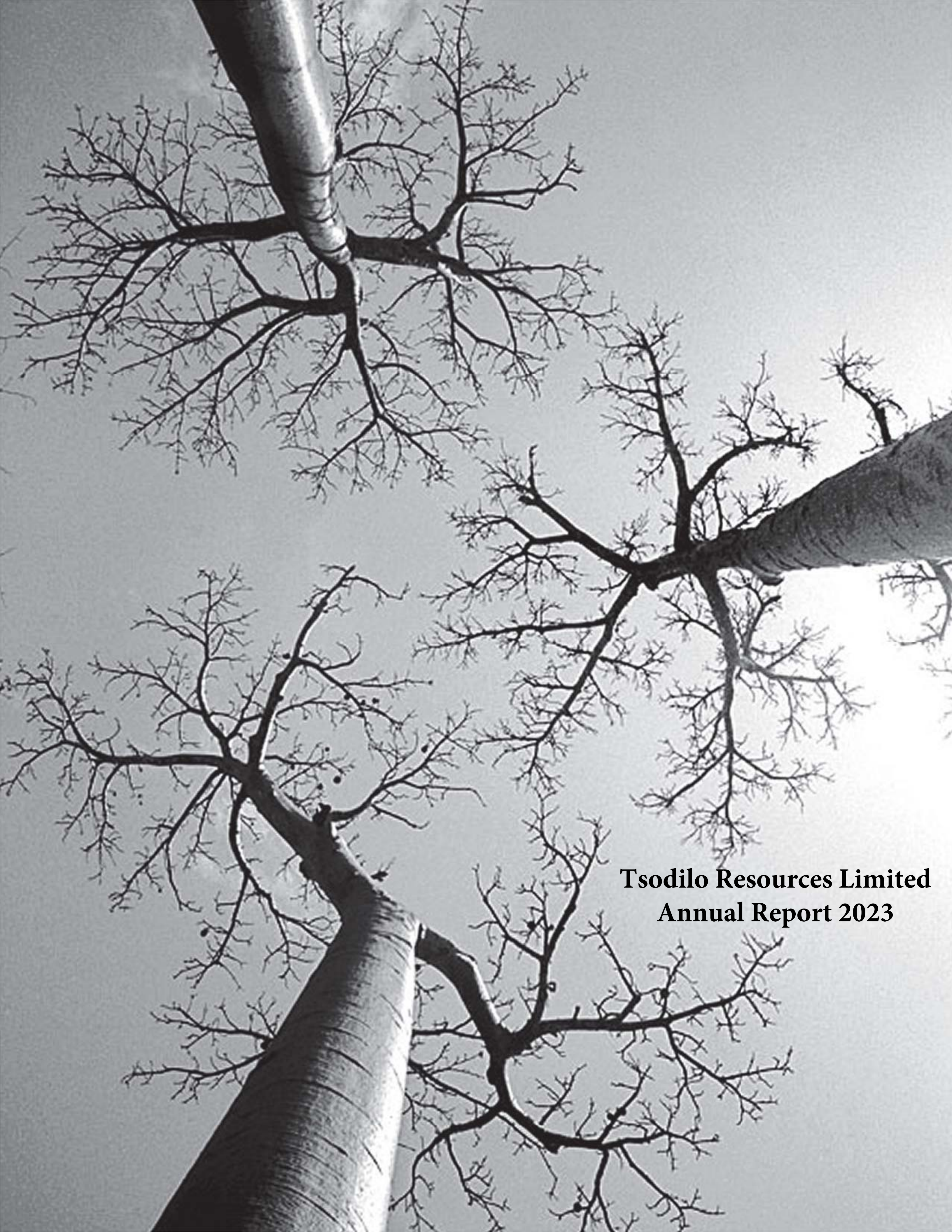

Tsodilo Resources Limited
Annual Report 2023

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TSODILO RESOURCES LIMITED
Management's Discussion and Analysis

FOR THE YEAR ENDED
December 31, 2023

The Management's Discussion and Analysis has been authorized for release by the Company's Board of Directors on April 29, 2024

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") should be read in conjunction with the consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2023 and 2022. The Company's 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 (Pty) Ltd., Gcwihaba Resources (Pty) Ltd. and Bosoto (Pty) Ltd. which have a functional currency of the Botswana Pula. This management's discussion and analysis has been prepared as at April 29, 2024.

Disclosure of a scientific or technical nature in the MD&A was prepared under the supervision of Mr. Macdonald Kahari, the Company's Qualified Person, as that term is defined in National Instrument 43-101.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

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 1 King Street West, 48th Floor, Toronto ON M5H 1A1 - Canada. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Canadian TSX Venture Stock Exchange ("TSXV") 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 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, 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.

Outstanding Share Data

As of April 29, 2024, 53,666,525 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, 5,006,250 options are outstanding of which 4,068,750 are exercisable at exercise prices ranging from CAD $0.07 - $0.75.

Grant Date	Expiry Date	Grant Price (CAD)	Granted	Outstanding	Exercisable
January 1, 2024	January 1, 2029	$0.24	500,000	500,000	100,000
June 12, 2023	June 12, 2028	$0.21	950,000	950,000	475,000
January 1, 2023	January 1, 2028	$0.20	650,000	650,000	487,500
July 1, 2022	July 1, 2027	$0.29	1,000,000	1,000,000	1,000,000
January 1, 2022	January 1, 2027	$0.64	425,000	425,000	425,000
May 21, 2021	May 1, 2026	$0.75	650,000	550,000	550,000
January 1, 2021	January 1, 2026	$0.47	275,000	275,000	275,000
September 21, 2020	September 21, 2025	$0.09	425,000	218,750	218,750
January 2, 2020	January 2, 2025	$0.07	275,000	162,500	162,500
June 6, 2019	June 6, 2024	$0.17	925,000	375,000	375,000

As of April 29, 2024, 3,829,504 warrants are outstanding and exercisable as follows:

Grant Date	Expiry Date	Grant Price (USD)	Granted	Outstanding	Exercisable
January 25, 2023	January 25, 2025	$0.20	2,500,941	2,500,941	2,500,941
November 16, 2023	November 16, 2025	$0.20	706,903	706,903	706,903
March 21, 2024	March 21, 2026	$0.20	621,660	621,660	621,660

Principal Shareholders of the Company

To the best of the Company's knowledge, the principal shareholders (greater than 5%) of the Company as of April 29, 2024, are as follows:

Name	Description	Shares Owns, Controls or Directs	% of the Issued and Outstanding Shares
Azur LLC	Investment Trust	4,996,065	9.31%
Lucara Diamond Corporation	Diamond Mining Co.	4,476,773	8.34%
David J. Cushing	Investor	4,327,579	8.06%
Karsten Busche	Investor	3,785,625	7.05%
James M. Bruchs	Chairman and CEO	2,888,119	5.58%

Exploration Activities as at December 31, 2023

Subsidiaries

- ◊ The Company holds a 100% interest in its Botswana subsidiary, Gcwihaba (Pty) Limited ("Gcwihaba") which holds five (5) metal (base, precious, platinum group, and rare earth) prospecting licenses.
- ◊ The Company holds a 100% interest in its Botswana subsidiary, Bosoto (Pty) Limited ("Bosoto"), which holds one (1) precious stone prospecting license PL369/2014 for the area which contains the BK16 kimberlite. In the second quarter 2023, the Company filed an application for a three-year extension in order to complete its evaluation of BK16; the application is pending.
- ◊ The Company holds a 100% interest in Newdico (Pty) Limited ("Newdico"), which provides administrative, operational, exploration, geophysical, and drilling services to the Company's other subsidiaries.
- ◊ 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 one prospecting license for precious stones, registered to Bosoto. This license is summarized in Table 1.

Table 1

Precious Stone Prospecting Licenses as at December 31, 2023

Prospecting License Number	Km^2	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 12/31/2023
369/2014	1.02	10/01/21	9/30/23	Renewal pending	1,000	NA	NA	NA

1.1 PL369/2014 (BK 16)

Bosoto was granted a prospecting license (PL) (PL369/2014) over the BK16 kimberlite pipe 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 effective October 1, 2019. Bosoto received a second two-year renewal of the license due to Covid-19 relief from the Ministry of Mines and Energy ("MME") for PL369/2014 commencing October 1, 2021. An application for a three-year extension in order to complete the work program delayed by the pandemic was filed during the quarter and is pending.

The diamondiferous BK16 kimberlite pipe is located within the Orapa Kimberlite Field (" OKF") in Botswana and is 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); and BK11 (Firestone Diamonds) are currently being or have been mined.

In July 2016, Tsodilo Resources Bermuda Limited ("TRBL") completed a share repurchase and royalty fee agreement with Bosoto's 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 December 31, 2023

The diamondiferous BK16 kimberlite pipe is approximately six (6) hectares in size at the surface and is known to contain rare and valuable Type IIa diamonds. A mini-bulk sampling program was undertaken to obtain an initial determination of the quality and value of the BK16 diamonds. This was successfully undertaken via fourteen (14) 24-inch Large Diameter Drilling (LDD) totaling 3,121 meters. 2,077 tonnes (caliper) of kimberlite were extracted. From this extraction, 243 individual bulk samples 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 which were studied for value and size frequency distribution (SFD) modelling to model the SFD of the BK16 kimberlite which showed the following:

◊ successfully demonstrated the potential of the BK16 kimberlite to host high value diamonds between US$ 281 to US$ 792 per carat, see Table 2;
◊ successfully confirmed the presence of Type IIa diamonds where 3.8% of the diamonds were identified as high-quality Type IIa diamonds consisting predominantly of D color stones;
◊ a Size Frequency Distribution study (SFD) of the diamonds recovered from the LDD samples indicates 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); and,
◊ successfully confirmed the potential of BK16 to host large special stones of +10.8 carats where size frequency distribution analysis indicates that 2% to 5% of the total carats may be greater than 10.8 carats (specials) (which compares favorably with Lucara Diamond Corp.'s Karowe Mine (AK6) production of specials).

This SFD modeling led to a scoping level range analysis techno-economic modelling of the deposit using some defined variables and options for developing the project. This range analysis suggests that a positive Net

Present Value (NPV) project is possible. The range analysis suggests that at diamond values around $350/ct the target could support a well-managed toll treatment operation. As the value increases to $500-550 it would be viable to contemplate a variety of low-capital intensity operations. At values above $600-650/ct, the strategy of developing a stand-alone full-size operation should be pursued. Still, further alternatives involved the utilization of other processing plants in the OKF that are operating beneath their capacity.

These encouraging results suggest that BK16 has the potential to become a mineable asset and suggest that the BK16 project employ a surface bulk sample method to augment the Phase 1 LDD sampling for its next Phase II stage of evaluation.

Table 2

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

Heavy Mineral Analysis

Botswana International University of Science and Technology (BIUST) performed a heavy mineral chemistry analysis on the VK3 phase from BK16 LDD samples. The study found that:

- ◊ The heavy minerals are composed of garnets (mostly eclogitic and pyroxenitic garnets), ilmenite (Mg-ilmenite), Phlogopite (Al-rich kimberlitic Phlogopite), olivine (forsterite and pyroxenes (diopside and enstatite), accompanied by inclusions of Cr-magnetite and trace amounts of omphacite, augite, chromite, barite, and calcite.
- ◊ The xenocrysts provide evidence that the BK16 kimberlite pipe is a Group 1 kimberlite with xenocrysts of eclogitic, pyroxenitic, and ultramafic/mafic MARID suite provenance.

Future Plans and Outlook for BK16

The encouraging results from the Phase I program justify moving on to 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 IIa will consist of the following:

Phase IIa 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 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;
- ◊ Carry out hydrogeological, further independent Economic Modelling, an Environmental Impact Assessment, and Feasibility level engineering studies;
- ◊ Define an inferred resource consisting of the development of geological and domain models, and geo-statistical analyses of grade ;
- ◊ Further refine the accuracy of the economic fundamentals of the project to move towards detailed feasibility studies and ultimately mining;
- ◊ Determine Grade, Value per Size Fraction, and Size Fraction Distribution;
- ◊ Utilize dry XRT and XRT sorting technologies to recover large and small diamond stones, and reduce the risk of diamond damage from crushing; and
- ◊ Understand mining constraints and the Life of the Mine to select an appropriate plant throughput.

The envisioned Phase IIa 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 IIa bulk sample design will be a basic small and shallow box-cut style sample. Twenty-five (25) meters of overburden will be stripped to expose the kimberlite below resulting in a depth of the box-cut design of 30 - 35 meters. Engineering studies undertaken into this surface bulk sample were comprised of a geotechnical characteristic study; a sample location optimization study to maximize the number of diamonds; and, a final optimized pit design optimization which constructs a box-cut design specification optimized pit shell that takes into account geotechnical parameters and grade and tonnage considerations. This final design was signed off by independent engineers. In addition, a detailed rehabilitation plan was created that meets statutory requirements and will ensure the workings and facilities are safe and restore the environment to as close as possible to its natural state.

Considering that the BK16 project is at an advanced exploration stage of development the potential for future expansion and growth opportunities, a techno-economic model was undertaken by an independent contractor to provide sound financial evaluation information.

If results are positive from this Phase IIa then a further phase of bulk sampling will be undertaken (Phase IIb) for a 5,000 tonnes LDD program plus another 20,000 tonnes of surface bulk sample in Phase IIb. Phase IIa and Phase IIb should provide a total of 1,800 to 3,600 carats and provide a solid foundation for advancing the BK16 project, where it is envisaged that this will lead to mining of the BK16 kimberlite.

A technical review of the infrastructure, engineering, project management, environmental, and human resource studies were undertaken by an independent contractor.

An application for a three-year license extension was filed during the 2nd Quarter 2023 and is currently pending.

1.2 PL217/2016

PL217/2016 was acquired in the second quarter of 2017. The license has an effective date of January 1, 2017, for an initial period of three (3) years followed by two 2-year renewals. The first renewal was granted on June 29, 2020 and the second renewal on July 1, 2022.

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 several potential alluvial and kimberlite targets for further exploration.

Following this study, follow-up magnetometry and gravimetric surveys were undertaken. Detailed ground magnetics surveys over selected targets were conducted in several stages, and totaled 612 survey line kilometers. This further refined the understanding of the area and identified 12 kimberlite targets of which five were a high priority. Additional high-resolution ground gravity surveys followed and were conducted along lines perpendicular to the previously identified paleo-channels and downstream of AK6 and BK11. Modelling of the ground magnetic and ground gravity data led to the identification of several paleo-channels. Where alluvial gravel paleo-channels have characteristically lower densities, and as such can be identified as having a lower gravity value than the surrounding areas. 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 the surface had been noted.

A review of the Company's extensive exploration work was performed in the fourth quarter 2022 and it was determined that the gravity data revealed depths to interpreted gravel channels as too deep (up to 30m) and therefore not likely to be channels but caused by sandstones. The Company also believes that there are not enough gravel tonnages to make an economic project. Accordingly, the license was relinquished in its entirety in the 4th quarter. The Company has written off the capitalized cost of $584,673 as impaired as at the year-ended December 31, 2022.

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

Seven (7) PLs were reissued as initial grants effective October 1, 2018, for a period of three (3) years. Two-year renewal applications were filed in the second quarter of 2021 reducing the overall license package from 4,921 km^2 to 2,462 km^2 consisting of five (5) prospecting licenses. The reduction in the license area package had no impact on the prospectively of the remaining project area. Five licenses were renewed effective April 1, 2024. The details of the Company's prospecting licences are outlined in Table 3.

Table 3: Gcwihaba Metal Licenses as at December 31, 2023

Prospecting license Number	Km^2	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[1]	USD as at 12/31/23
020/2018	448	NA	NA	In Renewal	NA	NA	NA	NA
021/2018	573	4/01/24	12/31/23	1st Renewal	NA	NA	NA	NA
022/2018	161	4/01/24	12/31/23	1st Renewal	NA	NA	NA	NA
023/2018	492	4/01/24	12/31/23	1st Renewal	NA	NA	NA	NA
024/2018	782	4/01/24	12/31/23	1st Renewal	NA	NA	NA	NA

Table 3: Gcwihaba Metal Licenses as at April 1, 2024

Prospecting license Number	Km^2	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[1]	USD as at 4/1/24
020/2018	448	4/01/24	3/31/26	1st Renewal	2,240	1,000,000	2,004,480	144,098
021/2018	573	4/01/24	3/31/26	1st Renewal	2,865	1,000,000	2,005,730	144,188
022/2018	161	4/01/24	3/31/26	1st Renewal	805	1,000,000	2,001,610	143,894
023/2018	492	4/01/24	3/31/26	1st Renewal	2,460	1,000,000	2,004,920	144,130
024/2018	782	4/01/24	3/31/26	1st Renewal	3,910	1,000,000	2,007,820	144,339
					12,280	5,000,000	10,024,560	720.649

[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.

The exploration work conducted on the Gcwihaba licenses has developed over time and the following targets are currently being explored within Neoproterozoic rocks within the licenses which are comprised of Copper Belt (Lufilian Arc) equivalent meta-sediments (including graphitic phyllites, schists, marbles (carbonates), diamictites, and iron formation), metabasites and gabbros (535 Ma):

1. **Xaudum Iron Formation Deposi**t: Comprised of a magnetite-banded iron formation deposit and iron-rich schists that are contained within the Grand Conglomerate Formation (linked to the Chuos in Namibia);
2. **Copper and Cobalt Exploration:** Sedimentary Cu/Co (Katanga type sediments) within the entire Neoproterozoic package;
3. **Xaudum Gold Exploration**: Gold mineralisation linked to the Xaudum Iron Formation; and
4. **Rare Earth Element Exploration**: Skarn REE and Cu targets. These are secondary targets hosted within marbles (carbonate) rich lithologies and include significant enrichment in REE and Cu.

Summary of Work Performed as at December 1, 2024
Exploration for these metals 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:

Geophysics: Over 1,800 km^2 (~20,000-line km) of detailed ground magnetics which has defined the extent of the highly magnetic XIF. An airborne survey (Spectrem) was flown (16,934-line km) collecting electromagnetic (EM), magnetic, and radiometric data. A 10,392-line km at a 500 m flight line interval airborne gravity survey also was flown. These surveys have contributed greatly to advancing the structural and geological modelling of the area, which have aided immensely in exploration targeting.

Drilling and Assaying: 366 core drill holes totalling 77,174 meters of core, including 116 reflex gyro surveys, and over 52,000 samples were sent for assay. Additionally, a 220-hole drill program (13,689 meters) known as the Kalahari Geochemistry Program (KGP) was conducted to test soil overburden for hydromorphic dispersion of copper and other metals from bedrock mineralization via assaying (8,326 samples assayed for As, Au, Bi, Co, Pb, Al, Ca, Cu, Mg, Ni, Zn, and Ag) on a 2 km grid to locate targets for further exploration and drilling. This program identified a number of high-priority targets for further exploration.

Xaudum Iron Formation: This is a potential prospect for future mining and has been identified as our key program. To date drilling of Block 1, the northern part of the XIF deposit 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 are conceptual in nature, there has been insufficient exploration to define this fully as a mineral resource, and 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 (spilt into Block 2a priority, and Block 2b). The Company created a 3-D model based on these holes focussed on the area around the elongated "C" XIF target. The area is dominated by the DIM Geodomain. Using the Company wireframes, Baker Geological Services Ltd ("BGS") assessed the potential tonnage and grade within the modelled Block 2a target by creating block models. The extent of the wireframes was limited by a bounding surface so that the model was more restricted to areas around the drilling undertaken. The depth extent of the model was also limited to the approximate depth of the drillholes, being approximately 215m from the surface. It should be noted that the level of study at Block 2a is however considered conceptual at best with limited exploration undertaken. The study noted that:

- ◊ Using average grades from the assay data and using density values determined from the Block 1 exploration, a minimum tonnage of between 100Mt and 300Mt has been calculated at a grade between 20% Fe and 30% Fe.
- ◊ Using the Davis Tube results, at a grind size of 80 microns, a contained minimum concentrate of between 20Mt and 60Mt can be determined.

755 assay results from 10 drill holes in Block 2a have been returned and confirm that Block 2a located 10 kilometers south of Block 1 is a continuation of the same Block 1 magnetite-rich units which will result in a significant increase in the resource tonnage for the XIF project upon completion of the Block 2a drill program. The Company is looking to expand its XIF resource into Block 2a and these assay results show that the Company can expect a significant resource increase in this area. Assay Results for 10 holes drilled in Block 2a show the following:

- Ten (10) evaluation drill holes were drilled within the Block 2a area of the XIF totalling 2,046.40 meters;
- 1,197.70 meters of highly magnetic magnetite-rich iron mineralization of the same type as seen in Block 1 were intersected;
- Drilling results indicate that Block 2a contains the same three magnetite resource lithological units that are seen in Block 1 with the following average grades; and
    - 35.6% Fe is the average Block 2a grade of the major Banded Magnetite BIF unit coded MBA (inclusive of weathered material);
        - 35.5% Fe was the average Block 1 grade for MBA;
    - 25.1% Fe is the average Block 2a grade of the major Magnetite Diamictite Schist unit coded DIM (inclusive of weathered material);
        - 20.8% Fe was the average Block 1 grade for DIM;
    - 25.0% Fe is the average Block 2a grade of the minor Magnetite Garnet Schist unit coded MGS (inclusive of weathered material);
        - 22.1% Fe was the average Block 1 grade for MGS;
    - These results confirm that the units in Block 2a are a continuation of the same magnetite-rich iron formation 10 kilometers south of Block 1; and
    - Based on metallurgical Davis Tube Recovery (DTR) magnetic separation (P80 of 80 microns) results for Block 1, a general average high-grade iron concentrate of 66 - 67% Fe and above can be expected from Block 2a;
- Block 2a will represent a significant increase in the XIF resource tonnages as it is of a similar size to Block 1.

In total, nineteen drillholes are planned to improve the confidence and model in the area, totaling 3,800m of drilling. Drilling in Block 2 will commence in the first quarter of 2024.

Geotechnical Test Works: Tsodilo undertook 30 geotechnical lab test works on the important formations for the Xaudum Iron Formation project including those that will make up the majority of the likely pit walls during the mining of the iron. These tests work included 18 Unconfined Compressive Strength (UCS) tests, 8 Brazilian Tensile Strength (BTS) tests, and 4 Direct Shear Strength (DSS) tests. The UCS and the BTS strength tests indicate that the XIF major Geodomains are competent and strong in both dimensions of compression and tension. The UCS mode of failure indicates that DIA, DIAW, and MBW tend to show a preferred mode of failure related to foliation. This is not as common for MBA and CAC. The joint discontinuities tested for DSS lean towards poor and fair characterizations.

These are the first set of geotechnical lab tests conducted on the XIF and show that the XIF materials are competent and will result in a good set of geotechnical parameters to be used in the ongoing PEA. These geotechnical lab tests show that the XIF materials are all within standard mechanical rock property ranges and that there will be no geotechnical issues arising from the XIF materials confirming that the XIF will show "normal" pit wall angles.

Copper and Cobalt Exploration: Tsodilo has identified within the same area the exciting potential for Copper/Cobalt, Rare Earth Elements (REE), and Gold within these same Katanga meta-sediments and associated basement complex. Tsodilo has reviewed and refined its targets to 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 meshes from the sub-deflation soil zone during the dry season. The first target 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 been prioritized for drilling. Further geological interpretation and modelling have been on-going and are designed to aid in delineating zones of alteration, such as albite and Na-feldspar alteration which act as pathfinders for fluid flow zones that may help in defining areas that may have potential for Cu mobility. This geological interpretation program has also aided in our understanding of the geology of the area, where there have been some significant developments in our regional understanding that are being captured and mapped.

Rare Earth Element Exploration: The Company has identified at least two significant skarn associated prospects 1822C26 ("C26") and 1822C27("C27") that contain a standard suite of ordinary carbonate, silicate, and phosphate REE minerals of well-established metallurgy that can be exploited easily. The holes in the two skarn anomalies C27 and C26 that stand out as being high in TREO% are as follows:

- ◊ 1822C27_6: C27 skarn anomaly - This hole has the highest TREO recorded at 1.49% at 2m of intervals over 1% TREO and 4m of intervals over 0.1% TREO.
- ◊ 1822C27_2: C26 skarn anomaly - This hole has 1m over 1% TREO but has 45m of intervals over 0.1% TREO.
- ◊ 1822C26_1: C26 skarn anomaly - This hole has 18m of intervals over 0.1% TREO.
- ◊ 1822C26_3: C26 skarn anomaly - This hole has 11m of intervals over 0.1% TREO.

The C27 skarn anomaly, which is the larger of the two skarn prospects, has been modeled to a conceptual Exploration Target of 81 Mt to 97 Mt of skarn with grades ranging from 0.05 % to 1.5 % Total Rare Earth Elements Oxide (TREO). The C26 skarn tonnage ranges from 4 Mt to 5 Mt with grades from 0.05 % to 0.5 % TREO. It has to be noted that these numbers are only for the modeled regions where there are drilled holes and do not cover the whole skarn area as modeled from the surface magnetic expression. These conceptual skarn anomaly Exploration Targets were generated by geologically modelling in 3 dimensions using the drill-hole intersections of the skarn anomaly allowing volumes representing the skarn to be generated. These modelled volumes were then turned into the tonnages quoted by using a likely range of densities for this skarn material of 2.5 to 3.0 g/cm3. It is important to note that the tonnages and grades quoted in this exploration target are 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.

Fifty drillholes, each to be drilled to a depth of 250 m, are planned for drilling to fully define the extent of C26 and C27 skarn deposits. This gives a combined total depth of 12,000 m.

Gold Exploration: Several gold anomalies have been seen within some of the Xaudum Iron Formation drill holes and associated facies as described above. This gold project has thus far identified that there is potential for gold mineralization to be associated with the XIF, where an analogy has been drawn to the Homestake gold deposit in South Dakota, US, where phyllites acted as the source for the gold deposited in the XIF material. A detailed review of all data collected to date assisted in identifying several potential gold anomalies for further study within the drill-hole dataset; these have been used to assess the potential for generating Gold targets for further exploration within this Xaudum Iron Formation and associated units. 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.

Future Plans and Outlook - Metals Projects

Xaudum Iron Formation: The fundamentals for iron ore are strong and iron ore has seen a strong drive that may indicate the beginning of a new super cycle for the commodity, and with this, as a background, the Company is currently exploring options for developing the XIF resource. To this end, the Company has commenced 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.

The Xaudum iron ore project is a national interest project that can be exploited to produce an iron product of 67% Fe and above. This highly attractive and valuable Fe product can also be further beneficiated to other Fe products such as ferroalloys, reduced iron products, and steel. The potential for a small-scale start-up mine supplying magnetite to a small-scale ferrosilicon (FeSi) plant which will sell FeSi products to the mines in Botswana and the mines in the local SADC area is also being explored as a way of initiating mining at a small scale while a larger scale mine and infrastructure can be explored and developed.

The Company has entered into a research collaboration endeavor with the Department of Chemical, Materials, and Metallurgical Engineering at the Botswana International University of Science and Technology (BIUST) and Morupule Coal Mine (MCM) to undertake metallurgical studies concerning the potential of generating a Pellet Feed and Direct Reduced Iron (DRI) product from the Xaudum Iron Formation (XIF) utilizing its magnetite and MCM's coal as a reductant. Commercially, these high-grade pellets and DRI products would be used to produce steel within Botswana, the region, and internationally.

Tsodilo has also joined the Walvis Bay Corridor Group (WBCG), as there is currently a Feasibility Study commissioned by the Namibian Ministry of Works and Transport for the part of the corridor called the Trans-Zambezi Railway Extension Grootfontein - Rundu - Katima Mulilo. This Trans-Zambezi Railway Extension line linking Zambia and Namibia is planned to pass through Divundu, Namibia providing access to Walvis Bay, Namibia's deep-sea port. Divundu is located approximately 35 kilometers (22 miles) from the Companies Xaudum Iron license location in Northern Botswana.

Copper and Cobalt Exploration: A detailed review of the data is ongoing to further refine exploration priorities incorporating new detailed structural and geological mapping data alongside the recent soil sampling information. This work also includes plotting alteration data logged and assay generated on geological cross sections, interpolation of information into a 2D map, and improved structural interpretations, which will ultimately lead to updated drill target recommendations. 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.

Rare Earth Element Exploration: The next stage for REE exploration is to develop a detailed study of the geology and facies and alterations associated with the skarns and develop a detailed geological and mineralization model of these skarn anomalies. This will lead to the development of an REE exploration target tonnage and grade range that will advance the next stage of REE drilling and exploration program to further define the grade and tonnage of these REE deposits.

Gold Exploration: The gold logging program will continue and holes identified sent for gold assay, which will lead to drill-target generation for further exploration.

Litigation:

On or about June 30, 2021, the Company's wholly owned Botswana subsidiary, Gcwihaba Resources (Pty) Ltd. (Gcwihaba) submitted prospecting renewal license applications for its Xaudum Iron Formation project in northwest Botswana. Of the then current 7 licenses, two licenses were relinquished in their entirety and 5 were submitted for renewal. Collectively 50% of the combined license area in the 7 licenses was relinquished pursuant to Section(s) 17 and 19 of the Mines and Minerals Act.

Four of the five licenses that contain the vast bulk of the exploration target in the Xaudum Iron Formation project were renewed as submitted, effective January 1, 2022, while the fifth license, PL020/2018, continued in renewal.

Despite periodic inquiries as to the license renewal status, Tsodilo was first apprised of a possible reason for the continued delay on April 26, 2022, when the Minister of Minerals and Energy (MME) informed Gcwihaba that part of the area included in license PL020/2018 is in the buffer zone surrounding the Okavango Delta, a UNESCO World Heritage Property, and that any prospecting activities in that area would be subject to environmental assessment measures.

On April 27, 2022, Gcwihaba promptly responded by reminding MME that:

(i) the license in question has existed in its present form since 2008, six years before the buffer zone was established by the State party and not by UNESCO;

(ii) prior to establishment of the current buffer zone in 2014, significant exploration had already been conducted in that area and a compliant NI 43-101 Inferred Mineral Resource Statement prepared by SRK was submitted to the MME identifying a mineral resource of 441 Mt grading 29.4% Fe;

(iii) when it was established in 2014, the current buffer zone encroached on a portion (169 Mt) of the Company’s identified mineral resource; and

(iv) the prospecting license including this area has since that time been renewed and re-granted multiple times without any controversy.

Gcwihaba also expressed complete agreement that prospecting, and mining activities were permitted in the buffer zone subject to various environmental standards and practices spelled out in Botswana law, and further affirmed its commitment to comply with all such requirements and to develop the Xaudum Iron Formation project in an environmentally friendly manner.

With apparent agreement as to the facts and applicable law, and with renewed and unequivocal assurance from Gcwihaba that it would be sensitive to environmental issues and would fully comply with all laws and regulations in this regard, it was expected that any concerns had been more than addressed and that the PL020/2018 license would now be renewed in short order.

However, in a letter received on June 15, 2022, despite its earlier clear statements to Tsodilo that exploration and mining could be conducted in the buffer zone, and a history of similar statements by the Botswana government in multiple earlier UNESCO filings, the Ministry advised that the PL020/2018 license would not be renewed if it included any areas located within the buffer zone.

To reach a mutually acceptable resolution, the Company filed a revised renewal application reducing the buffer zone area of the license block to only an area proximate to a paved airport landing strip, a hospital and a shopping center all established, extended, or rebuilt after 2014 and all within the buffer zone.

While the bulk of the Company’s Xaudum Iron Formation resource remains free of any dispute, the area within the buffer zone is of sufficient value that the Company believes further efforts are appropriate to protect shareholder interest, and further believes that the conduct of the Botswana government in connection with the license renewal process has left no recourse other than seeking resolution in the courts. Accordingly, litigation was initiated on October 31, 2022, and an oral hearing was held in the High Court in Maun, Botswana on April 18, 2023.

On September 27, 2023, upon the Company's application, the High Court of Botswana rendered an order that interdicts and restrains the Minister of Mines and Energy, through the Department of Mines or any other Department from receiving, considering, or assessing the renewal applications in relation to Prospecting Licenses PL's 021024/2018 pending the delivery of the judgement in the Applicant's review application with respect to Prospecting License PL021/2018.

On December 15, 2023, the High Court, Republic of Botswana rendered its judgement *In re Gcwihaba Resources (Pty) Ltd. vs. Minister of Minerals and Energy and the Attorney General of Botswana, MAHMN-000075-22*, and ordered:

- The decision of the 1st Respondent rejecting the application for the renewal of the Applicant's prospecting license (020/ 2018) is illegal, unreasonable and or irrational;
- The decision of the 1st Respondent rejecting the application for the renewal of the Applicant's prospecting license (020/ 2018) is hereby set aside;
- The 1st Respondent is ordered and directed to renew, within 14 days of this order, the applicant's license (020/ 2018) subject only to justifiable safeguards necessary for the protection of the heritage area. Such safeguards are not to include any further demand for reduction or shifting of the license area or its coordinates;
- Following renewal, the 1st Respondent is ordered to align the effective dates of contiguous licenses PL 021- 026/2018 with that of the renewed license;
- The Respondents shall pay the costs of these proceedings.

On January 23, 2024, the Company filed an Interlocutory Application in the High Court, Republic of Botswana for an order callingupon the First Respondent, Minister of Minerals and Energy, to show cause why he ought not to be held in contempt of Court by reason of his failure to comply with the judgment of the Court dated 15 December 2023.

On March 4, 2024, PL's 020 – 024/2018, were issued with an effective date of April 1, 2024 for their first reneal period of two years. Accordingly, the Company filed a Motion to withdraw its previous filed contempt motion. On March 25, the Company's motion to dismiss the contempt proceeding was granted as well as associated costs .

For more detailed information on all the above, and in the interest of transparency, the Company has established a landing page regularly updated to include all records related to this matter. Please see: https://tsodiloresources.com/s/MMGE.asp.html.

Exploration Activities as at December 31, 2023

Exploration and evaluation additions for the year-ended December 31, 2023, are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Gcwihaba Botswana	
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals	Metals	TOTAL
Drilling Expenditures	$ 2,464	$ --	$ 2,464	$ --	$ 6,344	$8,808
Amortization Drill Rigs, Vehicles & Trucks	3,704	--	3,704	--	4,501	8,205
Geophysics	--	--	--	--	--	--
Lab Analyses & Assays	--	--	--	--	--	--
License Fees	56	--	56	--	811	867
Maintenance, & Consumables	10,561	--	10,561	--	23,529	34,090
Salaries, Wages & Services	53,245	--	53,245	--	49,857	103,102
Balance at December 31, 2023	**$70,030**	**$--**	**$70,030**	**$--**	**$85,042**	**$155,072**

Exploration and evaluation additions for the year-ended December 31, 2022, are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Gcwihaba Botswana	
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals	Metals	TOTAL
Drilling Expenditures	$ 2,180	$ 147	$ 2,327	$ 457	$ 8,149	$10,933
Amortization Drill Rigs, Vehicles & Trucks	4,022	--	4,022	49,371	4,887	58,280
Geophysics	150	150	300	--	22,346	22,646
Lab Analyses & Assays	837	--	837	--	19,157	19,994
License Fees	80	117	197	150	820	1,167
Maintenance, & Consumables	8,849	6,446	15,295	6,385	6,704	28,384
Salaries, Wages & Services	17,455	6,309	23,764	7,787	13,814	45,365
Balance at December 31, 2022	**$33,573**	**$13,169**	**$46,742**	**$64,150**	**$75,877**	**$186,769**

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had a negative working capital of $3,237,625 (2022: $2,570,493), which included cash of $1,856 (2022: $40,049). 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.

As at December 31, 2023, notes payable in the amount of $1,930,806 were outstanding from a related party. The notes have an annual interest rate of 8% and one of the notes carries a termination fee of 10% upon early redemption of the note for which there is an embedded derivative arising – the fair value of this is NIL. In addition, at the option of the note holder, the December 2018 note can be converted to stock at the discretion of the holder during future private placements that raise a minimum of CAD $500,000, of those future private placements at the price of the private placement. The remaining notes are due on demand.

The notes payable at December 31, 2023, are summarized as follows:

Date	Balance 12/31/2022	Changes in 2023	Balance 09/30/2023	Interest Rate	Termination Fee	Maturity Date
31-Dec-18	$273,006	$--	$273,006	8%	$27,300	31-Dec-24*
30-Jun-19	207,242	--	207,242	8%	NIL	On Demand
31-Dec-19	57,684	--	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
21-Jun-21	26,500	--	26,500	8%	NIL	On Demand
27-Jul-21	26,500	--	26,500	8%	NIL	On Demand
28-Aug-21	27,000	--	27,000	8%	NIL	On Demand
27-Sep-21	25,500	--	25,500	8%	NIL	On Demand
31-Dec-21	102,235	--	102,235	8%	NIL	On Demand
30-Jun-22	451,159	--	451,159	8%	NIL	On Demand
21-Sep-22	25,000	(25,000)	--	8%	NIL	19-Dec-22
30-Sep-22	100,738	--	100,738	8%	NIL	On Demand
31-Dec-22	91,440	--	91,440	8%	NIL	On Demand
1-July-23	--	166,880	166,880	8%	NIL	On Demand
31-Sep-23	--	91,440	91,440	8%	NIL	On Demand
31-Dec-23		91,440	91,440	8%	NIL	On Demand
Total	**$1,606,046**	**$324,760**	**$1,930,806**		**$27,300**	

*During the year-ended December 31, 2024, $273,006 of notes payable had its maturity extended from December 31, 2023, to December 31, 2024.

- On June 30, 2022, a promissory note was issued for $451,159 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On September 21, 2022, a promissory note was issued for $25,000. The note matured on December 19, 2022, and has an annual interest rate of 8%.
- On September 30, 2022, a promissory note was issued for $100,738 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On December 31, 2022, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On January 17, 2023, a $25,000 promissory note dated September 21, 2022, was paid.
- On July 1, 2023, a promissory note was issued for $166,880 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On September 30, 2023, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On December 31, 2023, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

The notes payable at December 31, 2022, are summarized as follows:

Date	Balance 12/31/2021	Changes in 2022	Balance 12/31/2022	Interest Rate	Termination Fee	Maturity Date
31-Dec-18	273,006	--	273,006	8%	27,300	31-Dec-23*
30-Jun-19	207,242	--	207,242	8%	NIL	On Demand
31-Dec-19	57,684	--	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
21-Jun-21	26,500	--	26,500	8%	NIL	On Demand
27-Jul-21	26,500	--	26,500	8%	NIL	On Demand
28-Aug-21	27,000	--	27,000	8%	NIL	On Demand
27-Sep-21	25,500	--	25,500	8%	NIL	On Demand
31-Dec-21	102,235	--	102,235	8%	NIL	On Demand
30-June-22		451,159	451,159	8%	NIL	On Demand
30-Sept-22		100,738	100,738	8%	NIL	On Demand
01-Oct-22		25,000	25,000	8%	NIL	On Demand
31-Dec-22		91,440	91,440	8%	NIL	On Demand
Total	**$937,709**	**$668,337**	**$1,606,046**		**$27,300**	

*During the year-ended December 31, 2023, $273,006 of notes payable had its maturity extended from December 31, 2022, to December 31, 2023.

Financial Instruments

The carrying amounts reflected in the consolidated Statement of Financial Position for cash, accounts receivable, accounts payable and accrued liabilities, lease 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. There are no warrants outstanding in any of the reporting years. 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 an outlay of $887,679 for the year-ended December 31, 2023 from an outlay of $804,138 for the year-ended December 31, 2022. Overall operating expenses decreased for the year-ended December 31, 2023 by $5,602 when compared to the year-ended December 31, 2022. Large operating expense changes for 2023 include stock-based compensation decrease of $120,148, renumeration decreased by $27,332, legal and audit increase of $34,660, and administrative expenses increased by $63,207, impairment decreased by 876,351 and other income decrease by $11,073 when compared to 2022. The impact on Comprehensive loss for the year was foreign exchange translation loss of $243,899 in 2023 compared to a loss of $528,864 in 2022.

Annual Information (in US Dollars)	Fiscal Year December 31 2023	Fiscal Year December 31 2022	Fiscal Year December 31 2021
Net income (loss) for the year	($1,151,356)	($2,019,718)	($1,316,206)
Basic loss per share	($0.02)	($0.04)	($0.03)
Basic diluted loss per share	($0.02)	($0.04)	($0.03)
Total other comprehensive income (loss)	($243,899)	($528,864)	($586,801)
Total comprehensive income (loss) for the year	($1,395,255)	($2,548,582)	($1,903,007)
Basic comprehensive loss per share	($0.03)	($0.05)	($0.04)
Diluted comprehensive loss per share	($0.03)	($0.05)	($0.04)
Total assets	$5,595,833	$5,808,293	$7,066,474
Total long-term liabilities	$5,503	$10,950	$17,055
Cash dividend	$--	$--	$--

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Period ended December 31, 2021				
Net income (loss) for the period	($56,792)	($463,100)	($281,075)	($515,239)
Basic income (loss) per share	($0.00)	($0.01)	($0.00)	($0.01)
Diluted basic income (loss) per share	($0.00)	($0.01)	($0.00)	($0.01)
Comprehensive income (loss) for the period	($589,817)	$14,660	($724,917)	($602,933)
Basic comprehensive income (loss) for the period	($0.01)	$0.00	($0.01)	($0.01)
Diluted comprehensive income (loss) per share	($0.01)	$0.00	($0.01)	($0.01)
Total assets	$7,431,730	$7,621,126	$7,162,146	$7,066,474
Total long-term liabilities	$--	$--	$--	$17,055

Quarterly Information (in US Dollar)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Year ended December 31, 2022				
Net income (loss) for the period	($158,632)	($275,537)	($253,528)	($1,332,021)
Basic income (loss) per share	($0.00)	($0.01)	($0.01)	($0.03)
Diluted basic income (loss) per share	($0.00)	($0.01)	($0.01)	($0.03)
Comprehensive income (loss) for the period	($7,511)	($1,114,199)	($1,074,523)	($352,349)
Basic comprehensive income (loss) for the period	($0.00)	($0.02)	($0.02)	($0.01)
Diluted comprehensive income (loss) per share	($0.00)	($0.02)	($0.02)	($0.01)
Total assets	$7,261,148	$6,415,393	$5,605,069	$5,808,293
Total long-term liabilities	$17,478	$16,200	$14,969	$10,950

Quarterly Information (in US Dollars)	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fiscal Year ended December 31, 2023				
Net income (loss) for the period	($210,517)	($172,005)	($230,222)	($538,612)
Basic income (loss) per share	($0.00)	($0.00)	($0.01)	($0.01)
Diluted basic income (loss) per share	($0.00)	($0.00)	($0.01)	($0.01)
Comprehensive income (loss) for the period	($469,114)	($358,411)	($409,605)	($158,125)
Basic comprehensive income (loss) for the period	($0.01)	($0.00)	($0.01)	($0.01)
Diluted comprehensive income (loss) per share	($0.01)	($0.00)	($0.01)	($0.01)
Total assets	$5,603,973	$5,343,187	$5,167,122	$5,595,833
Total long-term liabilities	$10,675	$10,444	$10,238	$5,503

Investing Activities

Cash flow applied in investing activities increased to ($155,072) for the year-ended December 31, 2023 [2022: ($128,488)].

Total expenditures of $155,072 on exploration properties for the year-ended December 31, 2023 were attributable to the Gcwihaba and Bosoto projects in northwest Botswana. There were limited expenses or funding of the exploration projects in these years as the Covid-19 pandemic reduced operation activities and litigation on prospects has not been settled. On May 5, 2023, the head of the UN World Health Organization (WHO) has declared "with great hope" an end to COVID-19 as a public health emergency. With the end to the pandemic and a decision expected in the licensing litigation in the near term, the Company returned to resume normal operations in the quarter.

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 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 years from the date of issuance

For the year-ended December 31, 2022, 337,500 stock options were exercised for $29,502 (C$38,375).

On January 25, 2023, 2,500,941 units were issued at a price of C$0.20 for proceeds to the Company of $368,550 (C$500,188). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on January 25, 2025 at USD $0.20.

On November 16, 2023, 706,903 units were issued at a price of C$0.20 for proceeds to the Company of $103,664 (C$141,380). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on November 16, 2025 at USD $0.20.

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.

On July 23, 2020, the Company reached an agreement with TBM (Pty) Ltd. ("TBM") to grant royalties on its Botswana subsidiary Gcwihaba (Pty) Ltd. ("Gcwihaba") seven (7) metal licenses (base and precious minerals, platinum group metals and rare-earth elements) projects in consideration of the payment of $500,000 USD.

On January 25, 2021, the Company closed the first tranche of a private placement financing (the "Financing") for gross proceeds to the Company of C$1,343,019. Pursuant to the Financing, the Company issued 2,686,038 units of securities of the Company (the "Units") at a subscription price of C$0.50 per Unit. Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of USD$0.55.

On February 10, 2021, the Company closed the second and final tranche of the Financing for gross proceeds to the Company of C$150,000. Pursuant to the Financing, the Company issued 300,000 units of securities of the Company at a subscription price of C$0.50 per Unit. Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one common share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of USD$0.55.

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

On March 4, 2021, the Company's stock began trading on the US OTCQB Venture Market under the symbol "TSDRF".

RESULTS OF OPERATIONS

On a consolidated basis, the Company recorded a comprehensive net loss of ($1,395,255) for the year-ended December 31, 2023 ($0.03) per common share, compared to a comprehensive net loss of ($2,548,582) for the year-ended December 31, 2022 ($0.04) per common share.

Total capitalized exploration expenditures including amortization of property, plant and equipment used in exploration activities on all projects amounted to net $5,475,876 as at December 31, 2023 compared to $5,572,595 as at December 31, 2022. Total capitalized exploration expenditures incurred on the Newdico project as at December 31 2023 and 2022 was $NIL. Total capitalized exploration expenditures incurred on Gcwihaba's projects as at December 31, 2023 were $2,225,841 compared to $2,242,106 as at December 31, 2022. Additions of $85,0,42 in 2023 were offset by exchange translations in 2023. Total capitalized exploration expenditures incurred on Bosoto's projects as at December 31, 2023 were $3,250,035 compared to $3,330,489 as at December 31, 2022. Additions of $70,030 in 2023 were offset by exchange translations in 2023. A table is presented in the Exploration and Evaluation Additions section above with specific details.

The Company incurred a loss of $1,151,356 and comprehensive loss of $1,395,255 during the year ended December 31, 2023 and as of that date, the Company had an accumulated deficit of $54,321,640 and negative working capital of $3,237,625.

PERSONNEL

At December 31, 2023, the Company and its subsidiaries employed sixteen (16) compared to fifteen (15) including senior officers, administrative and operations personnel including those on a short-term service basis.

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.

COVID-19 Global pandemic and Geopolitical risks

Measures and guidelines implemented by the Government of Botswana in late March 2020 which allowed the Company's exploration and evaluation activities to remain operational albeit limited throughout the pandemic restrictions have gradually been rolled back as vaccination levels within Botswana have increased. Most of the Company's workforce (+99%) have been vaccinated. Although significant progress has been made in this area, the Company continues to operate under its approved crisis management plan, designed to protect the health and well-being of our employees in Botswana and elsewhere as well as the financial well-being of the business. The Company has continued with regular health screening, temperature checks and the use of infrared measurements to prevent the spread of COVID-19. Although many countries around the world have removed the public health measures implemented to reduce the spread of COVID-19, uncertainty remains. It is possible that Tsodilo's operations could be impacted in a number of ways including, but not limited to: a suspension of exploration and evaluation activities, disruptions to supply chains and worker absenteeism due to illness. While the impact of COVID-19 is expected to be temporary, the current circumstances remain dynamic and the impacts on our financial position or operations cannot be reasonably estimated at this time. On May 5, 2023, the head of the UN World Health Organization (WHO) has declared "with great hope" an end to COVID-19 as a public health emergency. With the end to the pandemic and a decision expected in the licensing in the near term, the Company returned to normal operations in the third quarter.

In February 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict economic sanctions against Russia and its interests. While the Company does not have any operations in Ukraine or Russia, its business may be impacted as the conflict and economic sanctions may give rise to indirect impacts, including but not limited to, increased fuel prices, supply chain challenges and disruptions, logistics and transport disruptions and heightened cybersecurity disruptions and threats. Increased fuel prices and ongoing volatility of such prices may have adverse impacts on the Company's costs of doing business. The implications could result in a global economic downturn that could adversely affect the Company's business. The continuance or escalation of the military conflict between Russia and Ukraine and the corresponding economic sanctions imposed on Russia may also result in increased volatility in the market for the Company's securities and could have other effects which are currently unknown.
The Company cannot accurately predict the impact that ongoing conflict in Ukraine will have on its financial position or operations. Uncertainty about judgments, estimates and assumptions made by management during the preparation of the Company's consolidated financial statements related to potential impacts of the COVID-19 pandemic and the Ukraine-Russia conflict on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

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.

The accompanying consolidated audited financial statements for the year-ended December 31, 2023, 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 $1,151,356 and comprehensive loss of $1,395,225 during the year ended December 31, 2023 and as of that date, the Company had an accumulated deficit of $54,321,640 and negative working capital of $3,237,625. 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 December 31, 2023. 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.

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. The 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 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 year.

New Standards, Amendments and Interpretations

Certain pronouncements were issued by the ISAB or the IFRS Interpretive Committee that are mandatory for accounting periods beginning January 1, 2023 or later periods. These standards did not have a material impact on the Company.

Classification of Liabilities as Current or Non-current (Amendment to IAS 1)

The amendment to IAS 1 provides a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. These amendments are effective for the reporting dates beginning on or after January 1, 2023. These standards did not have a material impact on the Company.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 8 – Definition of Accounting Estimates
These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. These amendments are effective for reporting periods beginning on or after January 1, 2023.

RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company	**For the year ended December 31**	
	2023	2022
Short term employee remuneration and benefits	$355,243	$333,333
Stock-based compensation	180,322	238,221
Total compensation attributed to key management personnel	$535,565	$571,554

- ◊ During the year, an individual related to the CEO provided administrative and management services to the Company and was remunerated in in the amount of $65,784 (2022: $48,000).
- ◊ During the year ended December 31, an individual related to key management personnel of the Company received $9,476 in stock-based compensation during the year (2022: 12,229).
- ◊ During the year, a board member was issued notes payable in the amount of $349,760 (2022: $643,337).
- ◊ As at December 31, 2023, there was a total of $429,064 (2022: $26,852) payables to related parties included within accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and are due on demand.

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 carefullyanaged 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

The Annual Report, including this MD&A, contains, 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

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TSODILO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

Financial Reporting Responsibility of Management

The consolidated financial statements have been prepared by management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts that are based on informed judgments and best estimates. The financial information presented in this annual report is consistent with the consolidated financial statements. Management acknowledges responsibility for the fairness, integrity and objectivity of all information contained in the annual report including the consolidated financial statements. Management is also responsible for the maintenance of financial and operating systems, which include effective controls to provide reasonable assurance that assets are properly protected, and that relevant and reliable financial information is produced. Our independent auditors have the responsibility of auditing the consolidated financial statements and expressing an opinion on them.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors, all of whom qualify as unrelated directors and are independent of management and free from any interest or business relationship which could, or could be perceived to materially interfere with their ability to act in the best interests of the Company. This committee meets periodically with management and the external auditors to review accounting, auditing, internal control and financial reporting matters. The Audit Committee reviews the annual financial statements before they are presented to the Board of Directors for approval and considers the independence of the auditors.

The consolidated financial statements for the year ended December 31, 2023, have been audited by McGovern Hurley LLP external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Their report follows hereafter.

"s"

Jonathan R. Kelafant
Chairman, Audit Committee
April 29, 2024

"s"

Gary A. Bojes
CFO
April 29, 2024

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Tsodilo Resources Limited

Opinion

We have audited the consolidated financial statements of Tsodilo Resources Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in deficit and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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McGovern Hurley

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of impairment indicators of exploration and evaluation assets</td></tr>
<tr><td>The Company has exploration and evaluation (E&E) assets with a value of $5.5 million as at December 31, 2023. At each reporting period, management assesses whether there is an indication of impairment relating to E&E assets. If any indication of impairment exists, then an impairment test is performed by management over the assets to which the indicator relates. In making this assessment, management is required to apply critical judgment in assessing whether certain external and internal factors would be considered an indicator of impairment. Internal and external factors, such as (i) evidence indicating that licenses required to advance the projects may be revoked; (ii) negative information in respect of the potential commercial viability of the projects; and (iii) the Company's continued ability and plans to further develop the projects, are evaluated by management in determining whether there are any indicators of impairment. No impairment indicators were identified by management as at December 31, 2023.

We considered this a key audit matter due to the significance of the E&E assets and the high degree of subjectivity in performing procedures to evaluate management's assessment of whether the internal and external factors are considered impairment indicators, which required critical management judgment.</td><td>Our audit procedures included, but were not limited to:

- Evaluated the reasonableness of management's assessment of indicators of impairment, which included the following:
  - Obtained, by reference to government registries, evidence that the licenses required to advance the projects are not expired or in the process of renewal.
  - Read board minutes, reviewed spending and considered evidence obtained in other areas of the audit to assess the Company's continued ability and plans to further develop the projects and the potential commercial viability of the projects.

Assessed the adequacy and completeness of the relevant financial statement disclosures.

Based on the work performed above, no impairment indicators were identified.</td></tr>
</table>

McGovern Hurley

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

McGovern Hurley

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Nicole Louli.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2024

Tsodilo Resources Limited

Consolidated Statements of Financial Position

(In United States dollars)

	December 31 2023	December 31 2022
ASSETS		
Current		
Cash	**$ 1,856**	$ 40,049
Accounts receivable and prepaid expenses	**37,493**	57,767
Total Current Assets	**39,349**	97,816
Exploration and evaluation assets *(note 3)*	**5,475,876**	5,572,595
Property, plant, and equipment *(note 4)*	**80,608**	137,882
Total Assets	**$5,595,833**	$5,808,293
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(note 9)*	**$ 1,341,216**	$ 1,057,599
Short-term lease liability *(note 6)*	**4,952**	4,664
Notes payable (*notes 5 and 9)*	**1,930,806**	1,606,046
Total Current Liabilities	**3,276,974**	2,668,309
Long-term lease liability *(note 6)*	**5,503**	10,950
Total Liabilities	**3,282,477**	2,679,259
SHAREHOLDERS' EQUITY		
Share capital *(note 7)*	**51,403,803**	50,944,960
Contributed surplus *(note 7)*	**12,414,194**	12,198,392
Commitment to issue shares	**--**	95,068
Foreign translation reserve	**(7,183,001)**	(6,939,102)
Deficit	**(54,321,640)**	(53,170,284)
Total Equity	**2,313,356**	3,129,034
Total Liabilities and Equity	**$5,595,833**	$5,808,293

Nature of operations and going concern *(note 1)*

Commitments and contingencies *(note 12)*

Subsequent events *(notes 5 and 15)*

See accompanying notes to the consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"s"

Jonathan R. Kelafant
Chairman, Audit Committee

"s"

Blackie Marole
Director

Tsodilo Resources Limited
Consolidated Statements of Loss and Comprehensive Loss

(In United States dollars) **Years Ended December 31**

	2023	2022
Operating Expenses		
Corporate remuneration *(note 9)*	**$468,830**	$ 496,162
Corporate travel and subsistence	**16,067**	1,742
Investor relations	**21,746**	23,773
Legal and audit	**121,539**	86,879
Filings and regulatory fees	**31,494**	42,427
Administrative expenses	**294,175**	230,968
Amortization expense	**43,042**	--
Stock-based compensation *(note 7 and 9)*	**215,802**	335,950
	1,212,695	1,217,901
Other Income (Expense)		
Impairment of exploration and evaluation (note 3)	**--**	(876,351)
Other income, net of cost	**64,882**	75,955
Foreign exchange loss	**(3,543)**	(1,421)
	61,339	(801,817)
Loss for the year	**(1,151,356)**	(2,019,718)
Other Comprehensive Loss		
Foreign currency translation	**(243,899)**	(528,864)
Total Other Comprehensive Loss	**(243,899)**	(528,864)
Total Comprehensive Loss for the Year	**($1,395,255)**	($2,548,582)
Basic and diluted loss per share	**($0.02)**	($0.04)
Weighted average number of shares outstanding	**52,267,581**	49,658,622

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited

Consolidated Statements of Changes in Shareholders’ Equity

(In United States dollars except for shares)

2023

	Share Capital		Contributed Surplus	Commitment to Issue Shares	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other				
Balance January 1, 2023	**49,837,081**	**$50,944,960**	**$12,198,392**	**$ 95,068**	**($6,939,102)**	**($53,170,284)**	**$3,129,034**
Units Issued	3,207,844	458,843	--	(95,068)	--	--	363,775
Stock-based compensation	--	--	215,802	--	--	--	215,802
Comprehensive loss	--	--	--	--	(243,899)	(1,151,356)	(1,395,255)
Balance December 31, 2023	**53,044,925**	**$51,403,803**	**$12,414,194**	**$ --**	**($7,183,001)**	**($ 54,321,640)**	**$2,313,356**

See accompanying notes to the consolidated financial statements.

2022

	Share Capital		Contributed Surplus	Commitment to issue shares	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other				
Balance January 1, 2022	**49,499,581**	**$50,896,526**	**$11,881,374**	**$--**	**($6,410,238)**	**($51,150,566)**	**$5,217,096**
Options exercised	**337,500**	**48,434**	**(18,932)**	**--**	**--**	**--**	**29,502**
Commitment to issue shares	**--**	**--**	**--**	**95,068**	**--**	**--**	**95,068**
Stock based compensation	**--**	**--**	**335,950**	**--**	**--**	**--**	**335,950**
Comprehensive loss	**--**	**--**		**--**	**(528,864)**	**(2,019,718)**	**(2,548,582)**
Balance December 31, 2022	**49,837,081**	**$50,944,960**	**$12,198,392**	**$95,068**	**($6,939,102)**	**($ 53,170,284)**	**$3,129,034**

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited

Consolidated Statements of Cash Flows

(In United States dollars)

	Years Ended December 31	
	2023	2022
Cash provided by (used in):		
Operating Activities		
Net loss for the year	**($1,151,356)**	($2,019,718)
Adjustments for non-cash items:		
Impairment on exploration and evaluation	**--**	876,351
Amortization	**43,042**	--
Interest on lease liability	**1,290**	1,858
Foreign exchange loss (gain)	**3,543**	1,421
Stock-based compensation	**215,802**	335,950
	(887,679)	(804,138)
Net change in non-cash working capital balances *(note 14)*	**303,891**	832,943
Cash (used in) provided by operating activities	**(583,788)**	28,805
Investing Activities		
Additions to exploration properties	**(155,072)**	(128,488)
Cash used in investing activities	**(155,072)**	(128,488)
Financing Activities		
Issuance of notes payable	**324,760**	25,000
Issuance of common shares and warrants	**376,989**	--
Commitment to issue shares	**--**	95,068
Cost of issuance	**(13,214)**	--
Options exercised	**--**	22,575
Cash payments on lease	**(5,744)**	(6,203)
Cash provided by financing activities	**682,791**	136,440
Impact of exchange on cash	**17,876**	(1,421)
Change in cash - for the year	**(38,193)**	35,336
Cash - beginning of year	**40,049**	4,713
Cash - end of year	**$ 1,856**	$ 40,049

Supplemental cash flow information – note 14

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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 incorporated under the laws of the Yukon Territory, Canada, under the Business Corporations Act of Yukon and the address of the Company's registered office is 1 King Street West, 48th Floor, Toronto, Ontario, Canada, M5H 1A1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Canadian TSX Venture Stock Exchange ("TSXV") under the symbol TSD. The Company's stock also trades on the US OTCQB Venture Market under the symbol "TSDRF".

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.

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 $1,151,356 (2022 - $2,019,718) and comprehensive loss of $1,395,255 (2022 - $2,548,582) during the year ended December 31, 2023, and as of that date, the Company had an accumulated deficit of $54,321,640 (2022 - $53,170,284), and negative working capital of $3,237,625 (2022 - $2,570,493). The Company has not generated any 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 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 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 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 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 consolidated financial statements have been authorized for release by the Company's Board of Directors on April 29, 2024.

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

These 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 consolidated financial statements are presented in United States dollars and include the accounts of the Company and the following direct and indirect subsidiaries:

Entity	**2023**	**2022**
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%

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

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges.

i. Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of operating facilities, operating management expertise and existing permits. 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.

ii. Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

iii. Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

v. Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

vi. Functional Currency

The determination of each of the Company and its subsidiaries functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Company and each of its subsidiaries analyzed both the primary and secondary factors, including the currency of the Company's and subsidiaries' operating costs in Canada and Botswana, and sources of equity financing.

vii. Contingencies

See note 12.

(d) Earnings (Loss) per Common Share

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

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

Proceeds received from farm-out agreements or recoveries of costs are credited against the cost of related claims.

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.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale.

When events or changes in circumstances indicate that its carrying amount may not be recoverable, the Company will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of revenues from the property or from the sale of the property.

(f) Property, Plant and Equipment

Property, plant, and equipment are 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
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 property, 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) Cash

Cash consists of cash held in banks and petty cash.

(h) Foreign Currency Translation

(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

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 into functional currency 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 presentation 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 year. On consolidation, the exchange differences arising from the translation are recognized in other comprehensive loss and accumulated in the foreign currency translation reserve.

If Gcwihaba, Newdico, Bosoto, and Idada were sold, the amount recognized in the foreign currency reserve would be reallocated to profit or loss as part of the gain or loss on disposal.

(i) Income Taxes

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 liability 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) ***Share-based Compensation***

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 stock option. When options are forfeited, 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. When an award expires unexercised the fair value originally allocated to the awardee remains in contributed surplus.

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) ***Severance Benefits***

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 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.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company derecognizes financial assets only when the contractual rights to cash flow from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in profit or loss.

(m) ***Financial Liabilities***

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or at amortized cost. Financial liabilities classified as at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, amortized costs 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 and accrued liabilities, lease liability, and notes payable are classified as at amortized cost. Financial liabilities classified as FVTPL. 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 the statement of loss. Transaction costs associated with FVTPL liabilities are expensed as incurred.

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expire. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

(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 it's 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 year. 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. Exploration and evaluation assets are assessed for impairment indicators under IFRS 6.

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.

(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) Share Capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using the residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the Warrants. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share issue costs and are recognized in equity. In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate exchange on the date the shares are issued.

(q) ***Provision for Environmental Rehabilitation***

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditure. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. As at December 31, 2023, and 2022, the Company has determined that it does not have any decommissioning obligations.

(r) ***Lease Liability Accounting Policy***

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

(s) ***Application of New Accounting Policies***

During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. These changes did not have any material impact on the Company's financial statements.

(t) ***New Standards, Amendments and Interpretations Not Yet Effective***

Certain pronouncements were issued by the ISAB or the IFRS Interpretive Committee that are mandatory for accounting periods beginning January 1, 2024, or later periods. The Company is currently assessing the potential impacts of these standards on the financial statements.

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

ii. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.

iii. Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB amended IAS 21 to clarify when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted.

3. EXPLORATION AND EVALUATION ASSETS:

Exploration and evaluation assets are summarized as follows:

	Bosoto Botswana			**Newdico Botswana**	**Gcwihaba Botswana**	
	Project BK 16 Precious Stones	**Project PL 217 Precious Stones**	**Bosoto Total**	**Project PL091 Industrial Minerals**	**Metals**	**TOTAL**
Balance at December 31, 2021	**$3,567,524**	**$637,396**	**$4,204,920**	**$239,705**	**$2,369,157**	**$6,813,782**
Additions	33,573	13,169	46,742	64,150	75,877	186,769
Net Exchange Differences	(270,608)	(65,892)	(336,500)	(12,177)	(202,928)	(551,605)
Impairment	--	(584,673)	(584,673)	(291,678)	--	(876,351)
Balance at December 31, 2022	**3,330,489**	**--**	**3,330,489**	**--**	**2,242,106**	**5,572,595**
Additions	70,030	--	70,030	--	85,042	155,072
Net Exchange Differences	(150,484)	--	(150,484)	--	(101,307)	(251,791)
Impairment	--	--	--	--	--	--
Balance at December 31 2023	**$3,250,035**	**$ --**	**$3,250,035**	**$ --**	**$2,225,841**	**$5,475,876**

Exploration and evaluation additions for the year-ended December 31, 2022, are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Gcwihaba Botswana	
	Project BK 16 Precious Stones	Project PL 217 Precious Stones	Bosoto Total	Project PL091 Industrial Minerals	Metals	TOTAL
Drilling Expenditures	$ 2,180	$ 147	$ 2,327	$ 457	$ 8,149	$10,933
Amortization Drill Rigs, Vehicles & Trucks	4,022	--	4,022	49,371	4,887	58,280
Geophysics	150	150	300	--	22,346	22,646
Lab Analyses & Assays	837	--	837	--	19,157	19,994
License Fees	80	117	197	150	820	1,167
Maintenance, & Consumables	8,849	6,446	15,295	6,385	6,704	28,384
Salaries, Wages & Services	17,455	6,309	23,764	7,787	13,814	45,365
Balance at December 31, 2022	**$33,573**	**$13,169**	**$46,742**	**$64,150**	**$75,877**	**$186,769**

Exploration and evaluation additions for the year-ended December 31, 2023, are summarized as follows:

	Bosoto Botswana	Gcwihaba Botswana	
	Project BK 16 Precious Stones	Metals	TOTAL
Drilling Expenditures	$ 2,464	$ 6,344	$8,808
Amortization Drill Rigs, Vehicles & Trucks	3,704	4,501	8,205
License Fees	56	811	867
Maintenance, & Consumables	10,561	23,529	34,090
Salaries, Wages & Services	53,245	49,857	103,102
Balance at December 31, 2023	**$70,030**	**$85,042**	**$155,072**

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.

Exploration and Evaluation Assets (Royalties)

In the third Quarter 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:

- ◊ the grant of a 1% Net Smelter Return (NSR) on the Company’s wholly owned Botswana subsidiary Gcwihaba Resources (Pty) Ltd. prospecting metal licenses in northwest Botswana;
- ◊ the grant of a 1% Gross Proceeds Royalty (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.

On July 23, 2020, the Company reached an agreement with TBM (Pty) Ltd. ("TBM") to grant royalties (Royalty income) on its Botswana subsidiary Gcwihaba (Pty) Ltd. ("Gcwihaba") then seven (7) metal prospecting licenses in consideration of the payment of $500,000.

The package of assets in the Royalty Sale includes:

- ◊ the grant of a 0.5% Net Smelter Return or Net Mineral Return on Gcwihaba's five (5) prospecting metal licenses in northwest Botswana.

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

Gcwihaba, a wholly owned subsidiary of the Company holds five (5) Prospecting Licenses (PL) in the North-West district. On April 1, 2024, PL's 020-024/2018 were renewed for their 1st two-year renewal periods. The five licenses combined have a proposed minimum exploration expenditure requirement of 5,012,240 BWP ($360,321) per annum as at April 1, 2024 (See note 15 - Subsequent Events).

Bosoto (Pty) Ltd ("Bosoto") – Botswana

Tsodilo was granted PL369/2014 over the BK16 kimberlite pipe through its 100% owned Botswana subsidiary, Bosoto, effective October 1, 2014. On June 21, 2021, a renewal of the second two-year renewal license was granted effective October 1, 2021, for pandemic relief. An application for a three-year extension in order to complete the work program delayed by the pandemic was filed in the second quarter of 2023 and is pending.

PL 217/2016 was acquired in the second quarter of 2017. The license had an effective date of January 1, 2017, for an initial period of 3-years followed by two 2-year renewals. The first renewal was granted on June 29, 2020, to be effective July 1, 2020.

A review of the Company's extensive exploration work on PL217/2016 was performed in the fourth quarter 2022 and it was determined that there is not enough gravel tonnage to make an economic project. Accordingly, the license was relinquished in its entirety in the fourth quarter of 2022. The Company has written off the capitalized cost of $584,673 as impaired for that one license as at the year-ended December 31, 2022.

Newdico (Pty) Ltd ("Newdico") – Botswana

The Company holds a 100% interest in Newdico, which held one (1) industrial mineral (granite & dolerite) license.

In the 4th quarter 2022, a review of available data indicated that it is uneconomical to exploit. The Company decided to relinquish the license in its entirety. The Company has written off the capitalized costs of $291,678 as impaired as at the year-ended December 31, 2022.

4. PROPERTY, PLANT, AND EQUIPMENT

Cost	Hangar	Vehicles	Furniture and Equipment	Right of Use Asset	Total
As at December 31, 2021	$168,740	$ 739,413	$ 426,496	$25,743	$ 1,360,392
Foreign Exchange Difference	(14,260)	(62,487)	(34,572)	(2,176)	(113,495)
As at December 31, 2022	154,480	676,926	391,924	23,567	1,246,897
Additions					
Foreign exchange Difference	(6,980)	(30,586)	(16,923)	(1,064)	(55,553)
As at December 31, 2023	$147,500	$646,340	$375,001	$22,503	$1,191,344

Accumulated Depreciation	Hangar	Vehicles	Furniture and Equipment	Right of Use Asset	Total
As at December 31, 2021	$97,762	$732,400	$313,072	$5,149	$1,148,383
Depreciation	17,633	4,755	31,005	4,887	58,280
Foreign exchange Difference	(5,008)	(62,063)	(29,968)	(609)	(97,648)
As at December 31, 2022	110,387	675,092	314,109	9,427	1,109,015
Depreciation	16,311	1,760	28,689	4,522	51,281
Foreign Exchange Difference	(13,026)	(30,512)	(5,576)	(447)	(49,561)
As at December 31, 2023	$113,673	$646,340	$337,222	$13,502	$1,110,736

Net book value

	Hangar	Vehicles	Furniture and Equipment	Right of Use Asset	Total
As at December 31, 2022	$44,093	$1,834	$77,815	$14,140	$137,882
As at December 31, 2023	**$33,828**	**$--**	**$37,779**	**$9,001**	**$80,608**

For the year ended December 31, 2023, $8,239 (2022: $58,280) in depreciation has been capitalized under exploration properties.

5. NOTES PAYABLE

As at December 31, 2023, notes payable in the amount of $1,930,806 were outstanding from a related party. The notes have an annual interest rate of 8% and one of the notes carries a termination fee of 10% upon early redemption of the note. In addition, at the option of the note holder, the December 2018 note can be converted to stock at the discretion of the holder during future private placements that raise a minimum of CAD $500,000, of those future private placements at the price of the private placement. The remaining notes are due on demand.

The notes payable at December 31, 2023, are summarized as follows:

Date	Balance 12/31/2022	Changes in 2023	Balance 12/31/2023	Interest Rate	Termination Fee	Maturity Date
31-Dec-18	$273,006	$--	$273,006	8%	$27,300	31-Dec-24
30-Jun-19	207,242	--	207,242	8%	NIL	On Demand
31-Dec-19	57,684	--	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
21-Jun-21	26,500	--	26,500	8%	NIL	On Demand
27-Jul-21	26,500	--	26,500	8%	NIL	On Demand
28-Aug-21	27,000	--	27,000	8%	NIL	On Demand
27-Sep-21	25,500	--	25,500	8%	NIL	On Demand
31-Dec-21	102,235	--	102,235	8%	NIL	On Demand
30-Jun-22	451,159	--	451,159	8%	NIL	On Demand
21-Sep-22	25,000	(25,000)	--	8%	NIL	19-Dec-22
30-Sep-22	100,738	--	100,738	8%	NIL	On Demand
31-Dec-22	91,440	--	91,440	8%	NIL	On Demand
1-July-23	--	166,880	166,880	8%	NIL	On Demand
31-Sep-23	--	91,440	91,440	8%	NIL	On Demand
31-Dec-23		91,440	91,440	8%	NIL	On Demand
Total	**$1,606,046**	**$324,760**	**$1,930,806**		**$27,300**	

*During the year-ended December 31, 2023, $273,006 of notes payable had its maturity extended from December 31, 2023, to December 31, 2024.

- On June 30, 2022, a promissory note was issued for $451,159 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On September 21, 2022, a promissory note was issued for $25,000. The note matured on December 19, 2022, and has an annual interest rate of 8%.
- On September 30, 2022, a promissory note was issued for $100,738 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On December 31, 2022, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On January 17, 2023, a $25,000 promissory note dated September 21, 2022, was paid.
- On July 1, 2023, a promissory note was issued for $166,880 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On September 30, 2023, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On December 31, 2023, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

The notes payable at December 31, 2022, are summarized as follows:

Date	Balance 12/31/2021	Changes in 2022	Balance 12/31/2022	Interest Rate	Termination Fee	Maturity Date
31-Dec-18	273,006	--	273,006	8%	27,300	31-Dec-23
30-Jun-19	207,242	--	207,242	8%	NIL	On Demand
31-Dec-19	57,684	--	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
21-Jun-21	26,500	--	26,500	8%	NIL	On Demand
27-Jul-21	26,500	--	26,500	8%	NIL	On Demand
28-Aug-21	27,000	--	27,000	8%	NIL	On Demand
27-Sep-21	25,500	--	25,500	8%	NIL	On Demand
31-Dec-21	102,235	--	102,235	8%	NIL	On Demand
30-June-22		451,159	451,159	8%	NIL	On Demand
30-Sept-22		100,738	100,738	8%	NIL	On Demand
21-Sept-22		25,000	25,000	8%	NIL	On Demand
31-Dec-22		91,440	91,440	8%	NIL	On Demand
Total	**$937,709**	**$668,337**	**$1,606,046**		**$27,300**	

*During the year-ended December 31, 2022, $273,006 of notes payable had its maturity extended from December 31, 2022, to December 31, 2023.

6. LEASE LIABILITY

The following table presents the lease obligation for the Company:

	December 31	
	2023	2022
Lease liability opening balance	**$ 15,614**	$ 21,633
Additions		--
Payments	**(5,744)**	(6,203)
Accretion	**1,290**	1,858
Exchange difference	**(705)**	(1,674)
Lease liability ending balance	**10,455**	15,614
Less current portion	**(4,952)**	(4,664)
Long-term portion	**$ 5,503**	$ 10,950

The incremental borrowing rate for the lease liabilities recognized was 10%. See note 12.

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: 53,044,925 Common Shares as at December 31, 2023, and 49,837,081 at December 31. 2022.

1) Issued during the year ended December 31, 2023:

- On January 25, 2023, 2,500,941 units were issued at a price of C$0.20 for proceeds to the Company of $368,550 (C$500,188). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on January 25, 2025, at USD $0.20. $11,670 (C$10,207) of issuance cost were netted against the proceeds.
- On November 16, 2023, 706,903 units were issued at a price of C$0.20 for proceeds to the Company of $103,664 (C$141,380). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on November 16, 2025, at USD $0.20. $1,701 (C$3,309) of issuance cost were netted against the proceeds.

2) Issued during the year ended December 31, 2022:

- On July 12, 2022, 237,500 (C$0.09) options were exercised for proceeds of $16,452 (C$21,375). The fair value of $10,206 (C$13,276) was reclassified from contributed surplus to share capital.
- On July 12, 2022, 100,000 (C$0.17) options were exercised for proceeds of $13,050 (C$17,000). The fair value of $8,726 (C$11,350) was reclassified from contributed surplus to share capital.

(b) Warrants

As at December 31, 2023, and 2022, the following warrants were outstanding:

As at December 31, 2023

Expiry	Exercise price (USD)	Warrants outstanding	Remaining contractual life (years)
January 25, 2025	$0.20	2,500,941	1.07
November 16, 2025	$0.20	706,903	1.88
		3,207,844	

As at December 31, 2022

Expiry	Exercise price (USD)	Warrants outstanding	Remaining contractual life (years)
July 25, 2023*	$0.55	2,504,055	0.00
August 10, 2023*	$0.55	300,000	0.00
		2,804,055	

*During the year-ended December 31, 2022, the expiry of the warrants has been extended from January 25, 2023, and February 10, 2023, to July 25, 2023, and August 10, 2023.

December 31, 2023, Warrant activity summary

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2022	2,804,055	$0.55
Issued	3,207,844	$0.20
Expired	(2,804,055)	$0.55
Exercised	--	--
Outstanding as at December 31, 2023	**3,207,844**	**$0.20**

- On November 16, 2023, the company issued 706,903 warrants with an exercise price of $0.20, expiring on November 16, 2025. 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 January 25, 2023, the company issued 2,500,941 warrants with an exercise price of $0.20, expiring on January 25, 2025. 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.

(c) Stock Option Plan

The Company has a stock option plan ("SOP") providing for the issuance of options that cannot exceed 9,830,420 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 TSX Venture 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. On May 20, 2021, shareholders voted to increase the number of common shares of the Corporation reserved for issuance pursuant to the Stock Option Plan to 9,830,340 to reflect an amount equal to 20% of the outstanding common shares outstanding as at May 20, 2021.

The following Table summarizes the Company's stock option activity for the years ended December 31, 2023, and 2022:

	Number of Options	Weighted Average Exercise Price
Outstanding as at December 31, 2021	3,140,750	C$0.49
Granted	1,425,000	C$0.39
Exercised	(337,500)	C$0.12
Expired	(547,000)	C$0.80
Outstanding as at December 31, 2022	3,681,250	C$0.43
Granted	1,600,000	C$0.21
Exercised	--	--
Expired	(625,000)	C$0.58
Outstanding as at December 31, 2023	4,656,250	C$0.33

2023

- ◊ On January 1, 2023, the company granted 650,000 options exercisable at C$0.20.
- ◊ On January 2, 2023, 175,000 stock options exercisable at C$0.65 expired.
- ◊ On March 25, 2023, 450,000 stock options exercisable at C$0.55 expired.
- ◊ On June 12, 2023, the company granted 950,000 options excisable at C$0.21

2022

- ◊ On January 1, 2022, the company granted 425,000 options at C$0.64.
- ◊ On January 2, 2022, 125,000 stock options exercisable at C$0.69 expired.
- ◊ On April 3, 2022, 350,000 stock options exercisable at C$0.85 expired.
- ◊ On July 1, 2022, the company granted 1,000,000 options at C$0.29.
- ◊ On July 12, 2022, 237,500 (C$0.09) options were exercised for proceeds of $16,452 (C$21,375).
- ◊ On July 12, 2022, 100,000 (C$0.17) options were exercised for proceeds of $13,050 (C$17,000).
- ◊ On November 21, 2022, 72,000 stock options exercisable at C$0.75 expired.

The following assumptions were used in the Black Scholes option pricing model to fair value the stock options granted during the years ended December, 2023, and 2022:

	2023	2022
Expected lives	**3.94 years**	3.95 years
Expected volatilities (based on Company's historical prices)	**116.17-118.77%**	113.56-116.22%
Expected dividend yield	**0%**	0%
Risk free rates	**3.99-4.07%**	1.11-2.84%
Weighted average fair value of option	**$0.16**	$0.30

The following table summarizes stock options outstanding as at December 31, 2023:

Options Outstanding				**Options Exercisable**		
Exercise Price (C$)	Number of Outstanding Options	Weighted Average Exercise Prices (C$)	Weighted Average Remaining Contractual Life (Years)	Number of Exercisable Options	Weighted Average Exercise Prices (C$)	Weighted Average Remaining Contractual Life (Years)
C$0.28	50,000	C$0.28	0.01	50,000	C$0.28	0.01
C$0.17	375,000	C$0.17	0.43	375,000	C$0.17	0.43
C$0.07	162,500	C$0.07	1.01	162,500	C$0.07	1.01
C$0.09	218,750	C$0.09	1.72	218,750	C$0.09	1.72
C$0.47	275,000	C$0.47	2.00	275,000	C$0.47	2.00
C$0.75	550,000	C$0.75	2.39	550,000	C$0.75	2.39
C$0.64	425,000	C$0.64	3.00	425,000	C$0.64	3.00
C$0.29	1,000,00	C$0.29	3.50	750,000	C$0.29	3.50
C$0.20	650,000	C$0.20	4.00	325,000	C$0.20	4.00
C$0.21	950,000	C$0.21	4.45	475,000	C$0.21	4.45
	4,656,250	C$0.33	3.05	3,606,250	C$0.37	2.74

The weighted average fair value of the grants in the year ended December 31, 2023, was C$0.205 (2022 - C$0.394)

8. 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 2023 of approximately 26.5% (2022: 26.5%) to loss before income taxes as follows:

	December 31, 2023	December 31, 2022
Loss for the year	($1,151,356)	($2,019,718)
Income tax rate	26.50%	26.50%
Expected income tax recovery	($305,000)	($545,324)
Foreign operation taxed at lower rates	39,000	50,135
Permanent differences	46,000	78,807
Change in benefits not recognized	220,000	416,382
Provision for income taxes	$--	$--

As of December 31, 2023, the following deferred tax assets and liabilities have been recognized:

	December 31, 2023	December 31, 2022
Property, Plant and Equipment	($21,000)	($19,000)
Exploration & Evaluation Assets	(2,715,000)	(2,066,000)
Deferred tax liabilities	(2,736,000)	(2,085,000)
Tax losses carried forward	2,736,000	2,085,000
Net deferred income tax asset recorded	$--	$--

As at December 31, 2023, the Company has unrecognized deductible temporary differences aggregating to $14,906,000 (2022: $14,434,000), 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, 2023	December 31, 2022
Losses carried forward – Botswana	$4,466,000	$4,812,000
Losses carried forward – Canada	10,087,000	9,263,000
Other	353,000	359,000
	$14,906,000	$14,434,000

The Canadian tax losses of $10,087,000 (2023: $9,263,000) expire from 2026 through to 2043. The majority of Botswana tax losses can be carried forward indefinitely with the remainder expiring within five years.

9. RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company	For the year ended December 31	
	2023	2022
Short term employee remuneration and benefits	$355,243	$333,333
Stock-based compensation	180,322	238,221
Total compensation attributed to key management personnel	$535,565	$571,554

- ◊ During 2023, two individuals related to the CEO provided administrative and management services to the Company and was remunerated in the amount of $65,784 (2022: $48,000).
- ◊ During 2023, an individual related to key management personnel of the Company received $9,476 in stock-

based compensation during the year (2022: $12,229).

◊ During 2023, a board member was issued notes payable in the amount of $349,760 (2022: $668,337). (see note 5)

◊ As at December 31, 2023, there was a total of $429,064 (2022: $26,852) payables to related parties included within accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and are due on demand.

10. SEGMENTED INFORMATION

The Company operates in one industry. As at December 31, 2023, the Company's property, plant, and equipment in Botswana was $80,608 (2022: $137,882) and exploration and evaluations properties in Botswana were $5,475,876 (2022: $5,572,595).

11. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities and notes payable.

The fair value of financial instruments is determined by valuation methods depending on hierarchy levels as defined below:

1. Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
2. Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments measured at fair value. The carrying value of the financial instruments measured at amortized cost approximates its fair value.

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 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 considering 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.

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.

There has been no change in the Company's approach to capital management during 2023 and 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

(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 accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has a working capital deficiency of $3,237,625 at December 31, 2023 (2022: $2,570,493).

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash balances. The Company limits exposure to credit risk 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.

(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 the 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 financial instruments exposures as at December 31, 2023, a ten-percentage change in the exchange rate would result in approximately a $50,000 (2022: $36,444) impact to the Company's net comprehensive 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 do 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.

The Company has proposed mineral interest commitments with its Bosoto and Gcwihaba licenses. On April 1, 2024, PL's 020-024/2018 were renewed for their 1st two-year renewal periods. The five licenses combined have a proposed minimum exploration expenditure requirement of 5,012,240 BWP ($360,321 USD) per annum as at April 1, 2024.

Exploration Activities

The Company's exploration activities are subject to various Botswana laws and regulations governing the protection of the environment. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Lease & Service Commitments

Due to the impact of the Covid pandemic, expenditures for both the Gcwihaba and Bosoto projects was greatly reduced from pre-pandemic levels.

Currently, the aggregate minimum annual payments are as follows:

Year	Facility	Term	BWP			USD*
			Yearly Rental	Services	Total	
2024	Hangar Maun[1]	2/01/2016 – 12/31/2026	176,593	26,489	203,082	14,978
2024	Shakawe Plot[2]	1/01/2021 – 12/31/2025	77,880	-	77,880	5,740
2024	Gaborone[3]	2/01/2024 – 1/31/2025	-	98,000	98,000	7,228
2024	Letlhakane Plot[4]	2/21/2018 – 12/31/2068	29,998	-	29,998	2,212
	Total					30,158

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

[1] Newdico purchased the hangar facility from Commercial Holdings (Pty) Ltd. (CHPT) in February 2016. The hangar facility resides on a commercial plot located at the Maun International Airport rented by CHPT from Civil Aviation Authority of Botswana (CAAB). The purchase agreement called for a transfer of the CPHT/CAAB lease to Newdico upon purchase of the hangar facility. The parties all agree to the transfer taking place but to date, the lease transfer has not occurred. The lease has an effective date of January 1, 2016, and continues for 10 years at 8% escalation annually which may be reviewed every three (3) years at market and commercial rates. As at February 1, 2024, the monthly lease payment is 14,807 BWP / month in addition to a fee of 15% of monthly rental for security and general maintenance at the airport complex. (See note 6)

[2] The lease has an effective date of January 1, 2021, and is renewable at the Company's option for an additional 6 years expiring on December 31, 2025. The monthly lease payment is 6,490 BWP increasing 420 BWP annually in each successive year. . (See note 6)

[3] The twelve-month service agreement has an effective date of February 1, 2023, and is renewable at the company's option for an additional year expiring January 31, 2024. The monthly lease payment is 8,000 BWP/month.

[4] The lease term has an effective date of February 2018. Newdico's obligations under the lease are effective as of October 1, 2020. The lease cost is 29,998 BWP per annum, which may be reviewed every five (5) years at market and commercial rates. The lease has a term of fifty (50) years cancelable by either party on six (6) months' notice.

13. Litigation:

On or about June 30, 2021, the Company's wholly owned Botswana subsidiary, Gcwihaba Resources (Pty) Ltd. (Gcwihaba) submitted prospecting renewal license applications for its Xaudum Iron Formation project in northwest Botswana. Of the then current 7 licenses, two licenses were relinquished in their entirety and 5 were submitted for renewal.

On December 15, 2023, the High Court, Republic of Botswana rendered its judgement.

On March 4, 2024, PL's 020 – 024/2018, were issued with an effective date of April 1, 2024, for their first renewal period of two years.

14. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31	
	2023	2022
Net change in non-cash working capital balances:		
(Increase) decrease in accounts receivable and prepaid expenses	**$ 20,274**	($ 27,065)
Increase (decrease) in accounts payable and accrued liabilities	**283,617**	216,671
Increase in notes payable for operating activities	**--**	643,337
Total	**$303,891**	832,943
Non-cash Financing and Investing Activities:		
Issuance of common shares for accounts payable and accrued liabilities	**$ --**	$ 6,927
Reclassification of accounts payable to notes payable	**$ --**	$ 643,337
Fair value of options exercised	**$ --**	$ 18,932

15. SUBSEQUENT EVENTS

- On January 1, 2024, the company granted 500,000 options exercisable at C$0.24.
- On January 2, 2024 50,000 stock options exercisable at C$0.28 expired.
- On March 21, 2024, 621,600 units were issued at a price of C$0.20 for proceeds to the Company of $91,983 (C$124,332). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on March 21, 2026, at USD $0.20.
- On April 1, 2024, PL's 020-024/2018 were renewed for their 1st two-year renewal period. The five licenses combined have a proposed minimum exploration expenditure requirement of 5,012,240 BWP ($360,321 USD) per annum as at April 1, 2024.

Corporate Information

DIRECTORS

James M. Bruchs, Chairman
McLean, Virginia
Appointed as director in 2002

Jonathan R. Kelafant
Lexington, Virginia
Appointed as director in 2007

Thomas S. Bruington
Vancouver, British Columbia
Appointed as director in 2013

Mark Scowcroft
Victoria, Seychelles
Appointed as director in 2015

Blackie Marole
Gaborone, Botswana
Appointed as director in 2017

OFFICERS

James M. Bruchs, B.Sc., J.D.
Chairman and Chief Executive Officer
Appointed in 2002

Gary A. Bojes, CPA, Ph.D.
Chief Financial Officer
Appointed in 2007

Bettina Bruchs, M.A.
Corporate Secretary
Appointed in 2018

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AUDITORS

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LEGAL COUNSEL

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Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Toronto, Ontario

STOCK EXCHANGE LISTINGS

TSX Venture Exchange
Trading Symbol: TSD

OTCQB (US)
Trading Symbol: TSDRF

Frankfurt Stock Exchange
Trading Symbol TZO