

PANGOLIN DIAMONDS CORP. NEWSLETTER – JUNE 2012

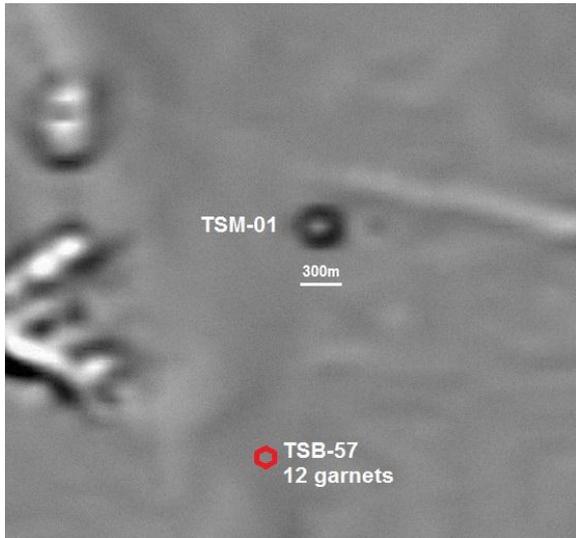


Figure 3 Target TSM-01 is 300m in diameter and the nearest sample point produced 12 garnets

of the first period, the holder shall relinquish no less than half of the area held under the PL. At the end of each period of subsequent renewal, half of the remaining area or such lower portion as determined by the Minister pursuant to the Act will be relinquished. The area to be relinquished can be made up of a single area or several smaller areas (see Figure 2).

Pangolin has done additional data processing over PL 350 and PL 351 that enabled the Company to identify further targets (see figure 3).

On PL 64-2011 in the Tsabong Project, a high-resolution aeromagnetic and radiometric survey was completed in May of 2012. In addition, the contractor also conducted two smaller high-density surveys over a series of very large targets

identified within the Jwaneng South licence. These were focused on radiometrics for Th+U+K¹ as these potential kimberlite targets are expected to be non-magnetic. The Th+U was one of the element pairs Pangolin identified as a kimberlite discriminant in the trace elements compared to the Th+U over the country rock. The high concentration of K in kimberlites is expected to act as an additional discriminant.

Field work is also underway on Pangolin's other licences. In the Malatswae project, a ground gravity survey was completed. The results of this survey highlighted additional areas of potential alluvial trap-sites that will help define future drill sites.

Word from the Chairman of the Company, Dr Leon Daniels

Dumelang. Firstly, I would like to welcome all new shareholders to Pangolin Diamonds Corp. which we intend to grow into a diamond company of note. We believe the Proposed Transaction with Key Gold, if completed, will bring significant benefits to each of the Pangolin and Key Gold shareholders. Excellent progress continues to be made in the field and the pace of data acquisition over our key projects in Botswana is rapidly

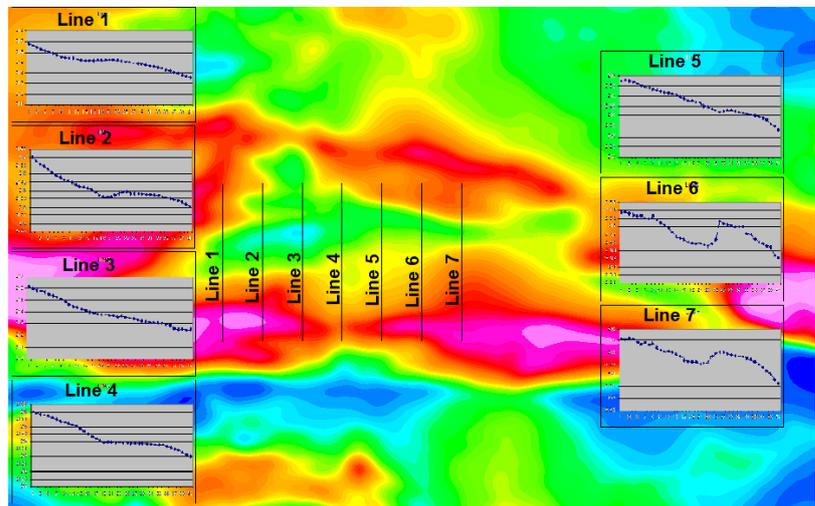


Figure 4 Gravity profiles over regional aeromagnetics pointing to a potential plunge pool development in the area between lines 5 and 7.

¹ Th – Thorium; U – Uranium; K – Potassium

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taking us to a decision point to commence exploration drilling on a road to discovery during the last quarter of 2012. Please continue to visit our evolving website.

On behalf of the Board

*Leon Daniels, Chairman
Pangolin Diamonds Corp.*

Dr Willem Smuts, PhD, Pr.Sci.Nat., a geologist and President and CEO of Pangolin Diamonds Corp. is the Company's Qualified Person pursuant to NI 43-101 and has reviewed the technical contents of this newsletter.

This newsletter contains forward-looking statements with respect to the Proposed Transaction and matters concerning the business, operations, strategy and performance of Pangolin. These statements generally can be identified by use of forward looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe” or “continue” or the negative thereof or similar variations. The completion of the Proposed Transaction and the future business, operations and performance of Pangolin discussed herein could differ materially from those expressed or implied by such statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the Proposed Transaction contemplated herein is completed. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of Key Gold and Pangolin to obtain necessary shareholder approval to complete the Proposed Transaction, or to satisfy the requirements of the TSX.V with respect to the Proposed Transaction. The cautionary statements qualify all forward-looking statements attributable to Pangolin and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this newsletter and Pangolin has no obligation to update such statements except as required by law.