Overview

This Management’s Discussion and Analysis (“MD&A”) of financial results and related data of Pangolin Diamonds Corp. (“Pangolin” or the “Company”) is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. To the extent which may be appropriate, this MD&A should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2015 and 2014. Additional information relating to the Company may be accessed through SEDAR at www.sedar.com.

This commentary is as of October 26, 2015. The reader should be aware that historical results are not necessarily indicative of future performance.

Forward-Looking Statements

This MD&A contains forward-looking information which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, future plans and objectives, competitive positioning, requirements for additional capital, government regulation of operations, environmental risks and the timing and possible outcome of litigation and regulatory matters. All statements other than statements of historical fact, included in this MD&A that address activities, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Often, but not always, forward-looking statements can be identified by use of forward-looking words such as “may”, “could”, “would”, “might”, “will”, “expect”, “intend”, “plan”, “budget”, “scheduled”, “estimate”, “anticipate”, “believe”, “forecast”, “future” or “continue” or the negative thereof or similar variations. Forward-looking statements are based on certain assumptions and analyses made by the Company, in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and known and unknown risks, many of which are outside the control of the Company, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Important factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other things, general business, economic, competitive, political and social uncertainties, the actual results of current operations, industry conditions, research and development activities, intellectual property and other proprietary rights, production risks, liabilities inherent in the mining industry, accidents, labour disputes, delays in obtaining regulatory approvals or financing and general market factors, including interest rates, currency exchange rates, equity markets, business competition, changes in government regulations. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements, there may be other factors that cause results to differ from those anticipated. Forward-looking statements contained in this MD&A are made as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, results or otherwise, except as required by applicable securities laws.

Business Background

Pangolin Diamonds Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on November 9, 2011. The Company is currently engaged in the acquisition, exploration and development of mineral properties in Botswana. The head office and principal address of the Company is 25 Adelaide Street East, Suite 1614, Toronto, Ontario M5C 3A1.

On December 22, 2011, the Company acquired all of the issued and outstanding common shares of Pangolin Diamonds Limited ("PDL"), a private company incorporated under the laws of the Republic of Seychelles. PDL holds, through its subsidiaries Pangolin Diamonds (Pty) Limited ("Pangolin Botswana") and Geocontracts Botswana (Pty) Limited ("Geocontracts"), prospecting licences relating to diamonds in Botswana. As a result of this transaction, the prior shareholders of PDL obtained a majority interest in the issued and outstanding shares of Pangolin Diamonds Corp. Consequently, the Company has accounted for this transaction as a reverse acquisition with the acquiring entity being PDL and the acquired entity being Pangolin Diamonds Corp. The comparative figures presented in these consolidated financial statements reflect the operations of PDL.

On March 4, 2013, the Company closed its amalgamation with Key Gold Holding Inc. ("Key Gold"). At shareholder meetings for each of Key Gold and Pangolin held on January 15, 2013, the amalgamation of Key Gold and Pangolin, pursuant to an amalgamation agreement dated November 26, 2012, was approved (the "Amalgamation"). In connection with the Amalgamation, Key Gold shareholders received one common share of Pangolin ("Pangolin Share") for each two outstanding common shares in the capital of Key Gold and Pangolin shareholders received one Pangolin Share for each outstanding common share in the capital of Pangolin.

Pangolin Botswana and Geocontracts are wholly-owned subsidiaries of PDL and were incorporated on January 22, 1987 and March 15, 1989, respectively, under the laws of the Republic of Botswana and have a head office and a registered office at Plot 337/338, Corner Khama Street / Selous Street, Francistown, Botswana. They currently manage and execute Pangolin's day to day operations and their interest in the Pangolin Botswana Prospecting Licences and Geocontracts Prospecting Licences (as such terms are defined below).

PROPERTIES

The Pangolin Properties

Pangolin, through its wholly-owned subsidiaries, holds title to various properties (herein, the "Pangolin Properties") .

The Pangolin Properties consist of: (i) eight (8) diamond prospecting licences (PL350/2008, PL351/2008, PL063/2011, PL064/2011, PL100/2011, PL529/2014, PL083/2015, PL086/2015) granted by the Minister of Minerals, Energy and Water Resources of the Republic of Botswana (herein, the "Ministry") in favour of Pangolin Botswana (the "Pangolin Botswana Prospecting Licences"). and (ii) twelve (12) diamond prospecting licences (PL041/2011, PL042/2011, PL043/2011, PL044/2011, PL228/2014, PL229/2014, PL247/2014, PL516/2014, PL517/2014, PL518/2014, PL519/2014, PL170/2015) granted by the Ministry in favour of Geocontracts, as well as a diamond prospecting license application made with the Ministry (the "Geocontracts Prospecting Licences");

The Tsabong North Project

The Tsabong North Project, which consists of three diamond prospecting licences covering in total 735 km^2, is located in the Kgalagadi District of south-western Botswana, within a historical diamonds district 35 km north of the City of Tsabong. To the east-south-east is the 'Tsabong Kimberlite Field' where some 85 kimberlites, 18 of which are diamondiferous, have been discovered by various operators since the 1970's, many of which are of significant sizes (>10Ha).

Tsabong North Project Technical Report

The data and information contained in the Tsabong North Project Technical Report dated November 23, 2012, a copy of which was filed on www.sedar.com on December 4, 2012, has been supplied by Dr. Leon Daniels of Pangolin. Mr. Zweistra visited the site of the Tsabong North Project as required by the author of a NI43-101 technical report from 8th to 10th May 2012, inclusive. In particular, the site of 'Smuts Pan', a geobotanical anomaly was visited and inspected in detail. This feature is large (approximately 1,000m in diameter) with a prominent ridge surrounding it, forming a local topographic high. The Tsabong North Project is covered by sands of the Kalahari Formation. As a result, no rock outcrops whatsoever occur.

Property Description and Location

The Tsabong North Project comprises three diamond prospecting licences (each a "PL") located in the Kgalagadi District of south-western Botswana:

- PL 350/2008;
- PL 351/2008; and
- PL 064/2011.

Prospecting licences in Botswana are granted for an initial period of three years based on acceptance of the applicants' proposed work programmes and expenditures. Applications for PL's are made under the Mines and Minerals Act of 1999 of the Republic of Botswana. Thereafter, they are renewable, for two successive two-year periods, again based on the applicants' work programmes and expenditures. 50% of the surface area is meant to be relinquished after each renewal period. The Tsabong North Project originally contained two PL's (350 and 351 of 2008). These two licences are in their second renewal period and have recently been reduced in size by approximately 50% and now cover a combined area of 242.0 km^2. Pangolin was granted a third licence (PL64 of 2011) to the west-north-west of the original two PL's and it is now in its first renewal period and covers an area of 493.0 km^2. The three PL's together cover an area of 735.0 km^2. All three of these PL's are for diamond prospecting and are 100% owned by Pangolin. The validity dates of the three PL's are as follows:

- PL350/2008 1 July 2014 to 30 June 2016 (second renewal);
- PL351/2008 1 July 2014 to 30 June 2016 (second renewal); and
- PL064/2011 1 July 2014 to 30 June 2016 (first renewal).

Minimum expenditure commitments for the current tenure of each of the licences are as follows:

- PL350/2008 - Year 1 - P100,000, Year 2 - P200,000 - Total P300,000;
- PL351/2008 - Year 1 - P100,000, Year 2 - P200,000 - Total P300,000; and
- PL064/2011 - Year 1 - P100,000, Year 2 - P200,000 - Total P300,000.

*P = Pula is the Botswana currency, roughly equivalent to CAD 0.12 (Oanda Average, 12 months).

In the event of a viable diamond deposit being discovered, it is necessary to negotiate the terms of any mining lease with the Botswana Government. Important principles governing such negotiations are that the Botswana Government will maximize the return to the People of Botswana, subject to the Tsabong North Project licensee receiving a reasonable return on investment. In the case of large, rich deposits such as De Beers' Jwaneng and Orapa Diamond Mines, the Botswana Government has acquired a 50% interest in the deposit via a holding company, Debswana. History has shown that the working interests negotiated range between a 0% or no interest up to a 50% interest.

The Botswana Government retains a 10% royalty on the gross market value of produced diamonds and can select to participate in development by contributing its share of development costs. Nomathata Diamonds, a company incorporated in the Republic of the Seychelles, which is controlled by a major shareholder; Dr. Leon Daniels, who is also a director and officer of the Company as well as the Chairman of the Board of Directors of the Company, holds a 1.2% net smelter royalty on the Tsabong North Project - calculated on the same basis as the Botswana Government's royalty.

Exploration to Date

Pangolin has undertaken a variety of work on PL's 350/2008, 351/2008 and 064/2011 in the form of soil sampling, indicator mineral chemistry, remote sensing, geochemistry, geophysics and core drilling.

Geophysics

Pangolin has undertaken various forms of geophysical work as outlined below.

Ground Magnetics

Based on positive soil sample results, and in the absence of detailed aeromagnetic data, a broad spaced ground magnetic orientation survey was conducted in the area of soil sample TSB-059. The initial results were encouraging, providing sufficient encouragement to conduct a more detailed ground magnetic survey for greater definition of the magnetic anomaly. Consequently, a more detailed ground magnetic survey (50m line spacing, 20m station intervals) produced the first drill targets in this Tsabong North Project area. Follow-up ground magnetic surveys were also carried out over certain aeromagnetic targets prior to drilling.

A detailed ground magnetic survey (50m line spacing using a continuous walking magnetometer) was completed in March 2014 over the Magi area where core drilling previously located a near flat lying sequence of kimberlitic tuff-sediments found to contain mantle indicator minerals and diamonds. The ground magnetic survey (approximately 150 line km's) outlined the extent of the "kimberlitic tuff-sediments" but more importantly localized two circular magnetic high features within the kimberlitic tuff-sediment Magi area. The two features were drill tested but kimberlite was not intersected. Kimberlite is thought to be at a depth beyond the capabilities of the drill equipment in use at that time.

Aeromagnetics

The initial existing aeromagnetic data over the Tsabong North Project was sourced from open file archives at the Geological Survey of Botswana. The entire area was found to be covered by a low resolution aeromagnetic survey with N-S line spacing of approximately one kilometre. Pangolin has contracted two detailed aeromagnetic surveys over its three PL's. Pangolin also commissioned an independent review of all its aeromagnetic data by a Qualified Person. This review and subsequent modeling of high-interest targets confirmed Pangolin’s own evaluation of its aeromagnetic data.

Results of Operations

Drilling of the Magi target resulted in the recovery of three small diamonds from a kimberlitic tuff-sediment intersected in drill hole Magi005 and four additional diamonds from drill hole Magi008 confirming that the source of the tuff-sediment is diamond bearing. Ground geophysical surveys completed at Magi also recognized discrete circular magnetic highs within the Magi target. Drill holes into the highs did not intersect obvious kimberlite but instead material appearing to be crater-related sediments.

Exploration Planning

In order to realise the diamond potential of the Magi additional drilling will be required. Two drill holes will be collared to test each of the discrete circular magnetic highs within the Magi target. In order to better target the drill holes a ground gravity survey will first be completed. The gravity survey will assist by providing depth-to-target information. Planning includes 1,000 metres of drilling.

Elsewhere on the project a number of targets will be covered using close-spaced soil sampling. Positive indications will lead to additional drilling.

Other Properties of Pangolin

Mmadinare Project

Property Description and Location

The project comprises three diamond PL's located in the Central District of eastern Botswana, namely:

- PL 041/2011;
- PL 042/2011; and
- PL 043/2011.

The three Prospecting Licences cover an area of 500.0, 24.0, and 134.5 km^2, respectively.

Exploration to Date

Pangolin completed a series of exploration surveys on the PL's including soil sampling, indicator mineral chemistry, remote sensing, geochemistry, and soil pitting. Core drilling was carried out on the SWS21 intrusion in conjunction with geological mapping around the intrusion.

Results of Operations

Two drill holes tested the SWS21 intrusion during the year. The intrusion is characterized as a flat-lying sill approximately 53m thick. No diamonds were recovered. Elsewhere two separate areas; Block01 and Block02, each recovered numerous kimberlite indicator minerals suggesting a source in the immediate vicinity.

Exploration Planning

To date kimberlite indicator mineral sampling has proven to be somewhat effective on the project. An extensive soil sampling programme was prepared and will result in the collection of over 500 samples over PL 041/2011. The results of the soil sampling programme will be used to focus the attention into areas where kimberlites are expected.

Motloutse River Project

Property Description and Location

The project comprises one diamond PL located in the Central District of eastern Botswana, namely:

- PL 229/2014.

The Prospecting Licence covers an area of 946.3km^2.

Exploration to Date

Sampling in this PL has commenced and is ongoing.

Results of Operations

There are no results to report.

Exploration Planning

PL 229/2014 is a new three year prospecting licence issued for the period 1 April 2015 to 30 March 2018. A programme involving historical research, soil sampling, and geophysics is planned for the first year of exploration.

Jwaneng South Project

Property Description and Location

The project comprises two diamond PL located in Southern District of Botswana, namely:

- PL 044/2011;
- PL 170/2015

Exploration to Date

Pangolin completed a series of exploration surveys on PL 044/2011 in the form of soil sampling, indicator mineral chemistry, remote sensing, geochemistry, geophysics, pitting and core drilling. Drill holes were completed throughout the licence testing six different geophysical anomalies. Four of the geophysical anomalies were outlined with the aid of ground magnetics and ground electromagnetics prior to drilling.

Results of Operations

Diamond drilling tested six geophysical anomalies. Kimberlite was not intersected. The drill holes intersected shallow basement geology and a re-evaluation of the licence geology was concluded.

Exploration Planning

Two remaining drill targets; CJ12 and CJ13, both magnetic high features, will be drill tested. Prior to drilling close-spaced soil sampling for kimberlite indicator minerals will be completed over the two targets.

Malatswae Project

Property Description and Location

The project comprises six diamond PL's located in Central District of Botswana, namely:

- PL 063/2011;
- PL 100/2011;
- PL 247/2014
- PL083/2015;
- PL086/2015; and
- PL529/2015.

Prospecting Licences 100/2011 and 063/2011 were both renewed for an additional two years from July 1, 2014. A licence (PL 247/2014) was granted beginning on July 1, 2014 for a period of 3 years. Three additional licences (PL529/2014, PL083/2015, and PL086/2015) surrounding PL247/2014 were granted on April 1, 2015 each for a period of 3 years.

The six Prospecting Licences cover an area of 201.0, 18.0, 839.0, 359.0, 412.0, and 651.0 km^2, respectively.

Exploration to Date

Pangolin completed a series of exploration surveys on the PL's in the form of soil sampling, indicator mineral chemistry, remote sensing, geochemistry, geophysics and drilling.

Specifically, sixteen percussion bore holes were also completed for 1,254 m of drilling during a campaign over PL063/2011 during 2013.

Detailed soil sampling and drilling was completed over a geophysical target on PL100/2011.

A large regional soil survey is underway on PL247/2014 following the discovery of a diamond during 2013. Within the survey detailed sampling, geophysics (magnetics and gravity) and core drilling were completed to follow up the recovery of diamonds and kimberlite indicators in a focused area known as the MSC Grid.

Two diamond core holes were completed on the northern portion of the MSC Grid; MSC001 and MSC002 for a total of 356 lineal metres drilling.

In addition, eight percussion holes have been drilled. No kimberlite has been intersected.

A ground penetrating radar survey has been completed over several aeromagnetic targets. Gravity surveys have been completed over the same targets.

Several blocks of soil sampling have been completed and areas of significant kimberlite indicator mineral (KIM) concentrations have been identified, The surface textures on the recovered KIM's are consistent with sources proximal to a number of the soil samples. The kimberlitic ilmenite compositions from the Malatswae area are distinct from the Orapa kimberlites further to the northwest.

High density, detailed loam sample grids have been established over a number of areas and the soil sampling is in progress. Areas of high concentrations of indicator minerals will be followed up with high density ground magnetic surveys to assist in drill target selection.

Results of Operations

Regional soil sampling in late 2013 located a single diamond in the project area. An application was presented to the Department of Mines for a Prospecting Licence over a large area centred on the diamond's location. Follow-up close-spaced soil sampling recovered a further two diamonds, several pyrope garnets, numerous picro-ilmenites and a fragment of mantle-derived garnet peridotite. This subsequent set of indicator minerals feature primary textures suggesting a proximal source.

Close spaced soil samples collected on PL063/2014 resulted in the recovery of a number of kimberlitic indicator minerals including garnets and ilmenites.

Wide-spaced regional soil sampling is currently underway and will cover PL247/2014 and PL100/2011 resulting in the collection of over 900 samples. The survey is approximately 70% complete. Detailed samples collected over the MSC Grid are complete. In total 570 40kg samples were collected and processed for kimberlite indicator minerals. Numerous kimberlite indicator minerals were recovered.

Rehoboth Project

Property Description and Location

The project comprises four diamond PL's located in Ghanzi/Kgalagadi District of Botswana, namely:

- PL 516/2014;
- PL 517/2014;
- PL 518/2014; and
- PL 519/2014.

The four Prospecting Licences cover an area of 985.0, 839.0, 980.0 and 979.0 km^2, respectively for three year periods beginning on 1 January 2015.

Exploration to Date

A total of 160 samples have been collected to date and are being processed. The programme is in progress.

Machaneng South Project

Property Description and Location

The project comprises one diamond PL located in the Southern District of Botswana, namely:

- PL 228/2014.

The Prospecting Licence covers 999.0 km^2 beginning on 1 April 2015 for a period of three years.

Exploration to Date

A detailed remote imaging assessment over the area has been completed and several targets have been selected. The ground follow-up soil sampling of these target areas has commenced and is in progress.

Exploration Planning

The strategy of extensive systematic regional soil sampling coupled with close-spaced follow-up sampling is beginning to deliver encouraging results including the recovery of three diamonds. This regional programme will continue through this quarter with a number of areas to be selected for follow-up sampling. If warranted ground geophysical surveys in these follow-up areas will be used for drill targeting.

Summary of Exploration and Evaluation Expenditures

During the years ended June 30, 2015 and 2014, the Company incurred the following exploration and evaluation expenditures:

		2015		2014
Exploration drilling	$	**180,411**	$	124,422
Exploration sample analysis		**33,321**		14,764
Fuels and oils		**23,329**		66,829
Motor vehicle expenses		**26,453**		70,911
Field consumables and equipment		**5,626**		40,365
Repairs and maintenance		**9,449**		2,916
General exploration expenses		**311,303**		337,201
	$	**589,892**	$	657,408

Results of Operations

Selected Annual Information

Key Financial Data and Comparative Figures ($ 000's)			
	Audited	Audited	Audited
	30-Jun	30-Jun	30-Jun
	2015	2014	2013
Net Loss	1,478	1,772	3,853
Balance Sheet			
Cash	97	442	1,326
Working capital (deficit)	(201)	200	1,054
Capital assets	29	105	194
Total assets	246	632	1,677
Shareholders' equity	(172)	304	1,248
Basic income (loss) per share	(0.02)	(0.03)	(0.09)
Weighted average number of shares			
outstanding - basic and diluted (000's)	79,808	66,625	41,144

Selected Quarterly Information

The quarterly information presented below is for that of Pangolin which is the continuing entity accounting purposes.

Quarterly data	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net income (loss)	(342)	(279)	(316)	(541)	(487)	(476)	(363)	(446)
Basic income (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Revenue

Pangolin did not have any revenue for the year ended June 30, 2015.

Share-Based Compensation

Share-based compensation for the years ended June 30, 2015 and 2014 totalled $281,000 and $135,096, respectively.

Costs and Expenses

Costs and expenses for the years ended June 30, 2015 and 2014 were $1,477,572 and $1,771,505, respectively and included the following categories: exploration and evaluation expenditures, consulting and professional fees, administration and office, travelling and investor relations expenses, reflecting the time and effort of management in launching operations and reviewing operations in Botswana.

Loss

Pangolin had a net loss of $1,477,572 or $0.02 per common share and $1,771,505 or $0.03 per common share for the years ended June 30, 2015 and 2014, respectively. These losses are a result of exploration activities and administrative costs.

Liquidity

Pangolin has financed its operations to date exclusively by the issuance of common shares. The Company presently has no debt or other operating credit facilities. Pangolin had a working capital deficiency of $201,375 and cash of $97,138 as at June 30, 2015 as compared to a working capital balance of $199,530 and cash of $441,895 as at June 30, 2014. On October 29, 2014, the Company closed a private placement for gross proceeds of $427,916. On March 27, 2015, the Company closed a private placement for gross proceeds of $404,375, and on September 3, 2015, the Company closed a private placement for gross proceeds of $628,621. Further financing will be required for working capital and exploration expenditures. The Company is uncertain whether it can obtain, in the current environment, financing to complete its current work programs. This and other conditions reflect material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Quarterly Results

Revenue

Pangolin did not have any revenue for the quarter ended June 30, 2015.

Share-Based Compensation

Share-based compensation for the quarter ended June 30, 2015 totalled $120,000.

Costs and Expenses

Costs and expenses for the quarter ended June 30, 2015 were $340,596 and included the following categories: Exploration and evaluation expenditures, consulting and professional fees, administration and office, travelling and investor relations expenses.

Loss

Pangolin had a net loss of $340,596 for the quarter ended June 30, 2015. Exploration activities accounted for $207,118, loss on disposition of equipment of $6,302, consulting fees of $74,799, administrative costs $23,749, investor relations, promotion and travel of $10,851, professional fees of $55,072, foreign exchange loss of $14,027, capital gain on expiry of warrants of $61,176, and depreciation of ($10,710). Stock based compensation for the quarter represented $120,000 of the total quarterly loss.

Capital Resources

Pangolin has no sources of revenue. The availability of equity capital, and the price at which additional equity could be issued, will be dependent upon the success of Pangolin’s exploration activities, and upon the state of the capital markets generally. Additional financing may not be available on terms favourable to Pangolin or at all.

Off-Balance Sheet Arrangements

Pangolin does not have any off-balance sheet arrangements.

Transactions with Related Parties

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Compensation of Key Management Personnel of Company:

The remuneration of directors and other key members of management personnel during the years ended June 30, 2015 and 2014 were as follows:

		2015		**2014**
Share-based payments	**$**	**195,600**	$	48,210
Consulting fees	**$**	**150,135**	$	148,824
Consulting fees included in exploration expenses	**$**	**175,924**	$	76,824

Related party transactions:

As at June 30, 2015 and June 30, 2014, respectively, the Company had the following balances receivable from (payable to) related parties that are not subsidiaries of the Company:

		2015		**2014**
Shareholders’ loans	**$**	**(13,431)**	$	(13,374)

Shareholders' loans payable are unsecured, non-interest bearing and due on demand.

During the year ended June 30, 2015, the Company incurred legal fees of $13,281 (2014 - $45,165) charged by a law firm of which a director of the Company is a partner. Included in accounts payable as at June 30, 2015 was $nil (June 30, 2014 – $10,000) owing to this law firm. This amount is subject to the Company's normal trade accounts payable terms.

During the year ended June 30, 2015, the Company incurred rent expense of $21,130 In connection with the private placement which closed October 29, 2014 (Note 5), The Company's Chief Executive Officer, Chief Financial Officer, and a director of the Company subscribed to shares for $37,500, $15,000, and $30,716 respectively, or $83,216 in aggregate. Such amounts were accrued and owing and were converted at the issue price of this private placement.

In connection with the private placement which closed March 27, 2015 (Note 5), The Company's Chief Executive Officer, Chief Financial Officer, and a director of the Company subscribed to shares for $30,000, $30,000, and $37,500 respectively, or $97,500 in aggregate. Such amounts were accrued and owing and were converted at the issue price of this private placement.

In connection with the private placement which closed May 15, 2014, Officers and directors of the Company subscribed for 200,000 units for gross proceeds of $20,000 as part of this private placement.

To the Company's knowledge, significant shareholders of the Company (defined as those holding greater than 10%) include only Dr. Leon Daniels, who held, directly and indirectly 10.28% of the Company's issued and outstanding common shares. The remaining 89.72% of the shares are widely held.

Contingency

Effective December 22, 2011, the Company entered into a finder's agreement with Aberdeen Gould Capital Markets Ltd. ("Aberdeen Gould"), a corporation controlled by a shareholder of Pangolin. Pursuant to this agreement, Pangolin granted Aberdeen Gould a right of first refusal for a period of fifty-four months from the date of the agreement, to act as the exclusive finder for Pangolin in respect to all financings of Pangolin. Pangolin may pay Aberdeen Gould a cash fee to be determined, but subject to a maximum of 10% of the gross proceeds raised. Pangolin may also issue to Aberdeen Gould, finder warrants to be determined, but subject to a maximum of 10% of the number of securities issued and sold, at the same purchase price and terms of the offered securities.

Pursuant to a share purchase agreement dated December 22, 2011, as amended November 8, 2012, relating to the reverse acquisition (see Note 4 and 12 of the Company's audited consolidated financial statements as at June 30, 2014), the Company has agreed to pay Dr. Leon Daniels, the former majority shareholder of PDL and current director and officer of the Company, $1,200,000 only in the event that the Company discovers at least five kimberlites in connection with its properties, payable within 24 months of the discovery of such Kimberlites and further assuming such discovery of kimberlites is verified by a Qualified Person. On December 1, 2013, the parties to the share purchase agreement have agreed that the $1.2 million payment obligation will now be payable within 24 months of the discovery of the 10th (not 5th) kimberlite, provided that each such kimberlite is "diamondiferous" as verified by a Qualified Person (as such term in defined in NI 43-101). In addition, the parties have agreed that for a kimberlite to be diamondiferous, it must be a kimberlite in which a "macro" diamond is contained – namely a diamond being greater than 0.5 mm in size. If a known diamondiferous kimberlite is acquired by the Company, it will not be counted as one of the ten as described above.

Proposed Transactions

Pangolin has not entered into and has no current plans to enter into any asset or business acquisitions or dispositions.

Forward Looking Information (additional disclosure)

The following information provides further clarification with respect to the Company's forward looking information.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain diamond deposits	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of diamonds and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Diamonds price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2016 The Company expects to incur further	The operating and exploration activities of the Company for the twelve-month period ending June 30, 2016, and the costs associated therewith, will be consistent with the Company's current expectations;	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other

losses in the development of its business Should the Company not raise sufficient capital, it may cease to be a reporting issuer	debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration on its property interests	The exploration activities of the Company for the twelve-month period ending June 30, 2016, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of gold or silver and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties	Diamond price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
Management's outlook regarding future trends	Financing will be available for the Company's exploration and operating activities; the price of diamonds will be favourable to the Company	Diamond price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for diamonds	The price of diamonds will be favourable; debt and equity	Changes in debt and equity markets and the spot price of

	markets, interest and exchange rates and other economic factors which may impact the price of diamonds will be favourable	diamonds; interest rate and exchange rate fluctuations; changes in economic and political conditions

Significant Accounting Policies

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

(i) Assets' Carrying Values and Impairment Charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

(ii) Income Taxes and Recoverability of Potential Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(iii) Existence of Decommissioning and Restoration Costs and the 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) 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 behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Future Accounting Changes

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. Earlier adoption is permitted.

(ii) IFRS 10 Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

(iii) IAS 1 Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

Management's Responsibility for Financial Statements

The preparation of these financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurance that Pangolin's assets are safeguarded and to facilitate the preparation of relevant and timely information.

RISK FACTORS RELATING TO PANGOLIN

Pangolin's common shares should be considered highly speculative due to the nature of Pangolin's business and the present stage of its development and the location of its properties in Botswana. The following risk factors are not an exhaustive list of all risk factors associated with an investment in Pangolin or in connection with Pangolin's operations.

Nature of Mineral Exploration

Resource exploration and development is a speculative business and involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The properties in which Pangolin holds an interest are without a known mineral resource. Each of the Company's proposed programs on its properties is an exploratory search for resources. There can be no assurance that commercial quantities of resources will be discovered. There can also be no assurance that even if commercial quantities of resources are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of Pangolin.

Limited Operating History

Pangolin has no history of generating revenue or profits, and has no experience of placing a resource property into commercial production. There can be no assurance that it will generate profits in the future.

Requirement for Further Financing

Pangolin does not have sufficient financial resources to undertake all of its currently planned exploration programs. There can be no assurance that Pangolin will able to raise the financing required or that such financing can be obtained without substantial dilution to its shareholders. Failure to obtain additional financing on a timely basis could cause Pangolin to reduce or terminate its operations or lose its interest in its properties.

Fluctuation in Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist for the sale of same or those mineral prices will be such that Pangolin's properties can be mined at a profit. Factors beyond the control of Pangolin may affect the ability of Pangolin to attract investors and receive further funds for exploration. Minerals prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of Pangolin, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the Botswana Pula relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for diamonds are affected by, among other factors, political events, economic conditions and production costs in major diamonds producing regions and governmental policies.

No Assurance of Titles or Boundaries

Pangolin has obtained a title report from Botswana legal counsel with respect to title to its mineral properties, but this cannot be construed as a guarantee of title. Other parties may dispute title to any of Pangolin's mineral properties and any of Pangolin's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or governmental actions. Furthermore, Pangolin does not have surface access rights at the Tsabong North Project and accordingly, there can be no assurance that these surface rights will be secured/granted or they will be on reasonable terms if secured/granted.

Uninsurable Risks

In the course of exploration of mineral properties, certain detrimental events and, in particular, unexpected or unusual geological conditions including rock bursts, cave-ins, fires, flooding, and earthquakes may occur. It is not always possible to fully insure against such risks and Pangolin may decide not to take out insurance against such risks as a result of the high cost of premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Pangolin.

Environmental and Other Regulatory Requirements

All phases of Pangolin's operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, will not adversely affect Pangolin's activities. Environmental hazards may exist on the properties in which Pangolin holds interests - which are unknown to Pangolin at the present – but have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are required in connection with Pangolin's activities. To the extent such approvals are required and not obtained; Pangolin may be restricted or prohibited from proceeding with planned exploration of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation of existing laws, could have a material adverse impact on Pangolin and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new exploration properties.

Competition

Pangolin will compete with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

Pangolin's ability to locate and increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select, acquire and develop suitable properties or prospects.

Further, the gross disparity in size between large and small mining producers in Botswana restricts small producers in that they have limited influence to secure access to Botswana's transportation infrastructure. This access is necessary for producers to access international export markets for its production and to competitively sell Botswana minerals in international markets. Pangolin may have difficulties successfully accessing transportation infrastructure necessary to export the minerals it may produce in the future.

Conflicts of Interest

Certain directors and officers of Pangolin are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of Pangolin are required by law to act honestly and in good faith with a view to the best interests of Pangolin and to disclose any interest which they may have in any project or opportunity of Pangolin. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required under the OBCA to disclose his interest and to abstain from voting on such matter.

Dependence on Key Management Employees

Pangolin's development to date has depended, and in the future will continue to depend, on the efforts of key management employees. The loss of any key management employees could have a material adverse effect on Pangolin. Furthermore, at present, Pangolin does not have key man insurance in place.

Foreign Currency Fluctuations

Pangolin's current and proposed exploration operations in Botswana render it subject to foreign currency fluctuations, which may materially affect its financial position and results. Specifically, Pangolin sends funds to Botswana in CDN dollars and converts these funds into Botswana Pula. The important exchange rates for Pangolin are currently the rate between the CDN dollar and the Botswana Pula. While Pangolin is funding work in Botswana, Pangolin's results could be impaired by adverse changes in the CDN dollar to the Botswana Pula exchange rate.

Unreliable Historical Data

Pangolin has compiled technical data in respect of its properties, much of which was not prepared by Pangolin. While the data represents a useful resource for Pangolin, much of it must be verified by Pangolin before being relied upon in formulating exploration programs.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources 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 or provision of such infrastructure could adversely affect Pangolin's operations, financial condition and results of operations.

Government Regulation

The mineral exploration activities of Pangolin are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although

Pangolin's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be introduced and, if introduced, complied with. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have an adverse impact on Pangolin.

Enforcement of Civil Liabilities

Substantially all of the assets of Pangolin are located outside of Canada and certain of the directors and officers of Pangolin are residents outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of Pangolin or the directors and officers of Pangolin residing outside of Canada.

Market Price of Pangolins Shares

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of Pangolin's common shares is also likely to be significantly affected by short-term changes in mineral prices and its financial condition or results of operations. Other factors unrelated to Pangolin's performance that may have an effect on the price of the Pangolin's common shares include the following: the extent of analytical coverage available to investors concerning Pangolin's business may be limited if investment banks with research capabilities do not follow Pangolin's securities; decreasing in trading volume and lack of general market interest in Pangolin's securities may affect an investor's ability to trade significant numbers of Pangolin Shares; the size of Pangolin's public float may limit the ability of some institutions to invest in Pangolin's securities; and a substantial decline in the price of the Pangolin's common shares that persists for a significant period of time could cause Pangolin's securities, if listed on an exchange, to be delisted from such exchange, eliminating market liquidity.

As a result of any of these factors, the price of Pangolin's common shares at any given point in time may not accurately reflect Pangolin's long-term value.

Dividend Policy

No dividends on the Pangolin Shares have been paid by Pangolin to date and none are expected to be paid for the foreseeable future. Payment of any future dividends will be at the discretion of Pangolin's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Future Sales of Shares by Existing Shareholders

Sales of a large number of the Company's common shares in the secondary markets, or the potential for such sales, could decrease the trading price of its shares.

Share Capital

As at the date of this MD&A, there are 100,727,075 common shares outstanding, 35,947,315 warrants outstanding at an exercise price of between $0.05 and $0.20 per share and 7,275,000 stock options outstanding at an exercise price of between $0.10 and $0.25.

TRENDS

Pangolin is not aware of any trend, commitment, event or uncertainty that is reasonably expected to have a material effect on Pangolin's business, financial condition or results of operations as of the date of this MD&A, except as otherwise disclosed herein or except in the ordinary course of business.

SUBSEQUENT EVENT

Subsequent to June 30, 2015, the Company closed a non-brokered private placement financing for aggregate gross proceeds of $628,621 (the "Offering"), of which $122,083 was issued as settlement of debt. The Offering consisted of 12,572,425 units of the Company ("Unit") at a price of $0.05 per Unit. Each Unit consisted 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 acquire one Common Share at a price of $0.05 for a period of sixty months. Officers and directors of the Company participated in the total amount of $39,623 as settlement of debt.

Subsequent to June 30, 2015, the Company granted 800,000 options under its stock option plan, with a 5 year term and an exercise price of $0.10. The options were granted to a director and certain consultants and vested immediately upon grant.

Subsequent to June 30, 2015, 1,400,000 options expired unexercised.