

pangolin



DIAMONDS CORP

Pangolin Signs Agreement to Acquire Ownership in AK10, a 6 Hectare Diamondiferous Kimberlite Pipe, Botswana Africa

TORONTO, ONTARIO (April 3, 2018) - Pangolin Diamonds Corp. (TSX-V: PAN) (the "Company" or "Pangolin") is pleased to announce it has signed an option agreement (the "Agreement") with Mankanwu Civil Blasting (PTY) Ltd. ("MCB"), a private company incorporated under the laws of the Republic of Botswana. Under the Agreement, MCB has granted Pangolin the sole and exclusive option to earn up to a 75% interest in respect of MCB's precious stone AK10 Diamond Project located in the Central District of Botswana, Africa.

Dr. Leon Daniels, President and CEO of Pangolin, commented, "I am extremely pleased with this transaction. The AK10 kimberlite has been under evaluated and the opportunity exists potentially to uncover and develop another AK6 Karowe Mine."

In 2002, Dr. Daniels co-founded African Diamonds PLC (AIM: AFD) for the sole purpose of acquiring kimberlites De Beers originally discovered and that he believed could be economical. He is one of the world's-renowned kimberlite exploration geologists and identified the opportunity. The joint venture between African Diamonds PLC and De Beers included the group of kimberlites in the area that De Beers had under evaluated. This group included the AK6 kimberlite located in the Orapa Kimberlite Field. In 2010, Lucara Diamond Corporation purchased AK6 for approximately \$120M USD. The Karowe Mine on the AK6 kimberlite continues to be mined by Lucara Diamond Corporation and is one of the world's leading producers of very high value diamonds and is known for containing rare large Type IIa diamonds with spectacular color and clarity.

The AK10 kimberlite is only 4 kilometres NNE from the Karowe Mine.

AK10 Overview

AK10 is located in the prolific Orapa Kimberlite Field in Botswana. Botswana is the second largest producer of diamonds, both by value and carats. In 2016, the Orapa Kimberlite Field produced 8.85 million carats and contains 83 known kimberlite bodies of which eleven are currently mined, scheduled to be mined or have been mined. These include: AK01, AK02 and AK07 (Orapa, Debswana), AK06 (Karowe, Lucara Diamond Corporation), BK01, BK09, BK12 and BK15 (Damtshaa, Debswana), DK01 and DK02 (Letlhakane, Debswana) and BK11 (Firestone Diamonds PLC). The mineralization and results on the aforementioned kimberlites are not necessarily indicative of the results on the AK10 kimberlite.

The AK10 kimberlite pipe was originally discovered in 1968 from airborne magnetics by De Beers who established it is diamondiferous. The compositions of the garnets from AK10 are consistent with the kimberlite having sampled the diamond stability field. It has been modeled to be 6 hectares in size and is close to surface with only 9 metres of cover. It has excellent infrastructure close by with road access, and the main power grid is less than 1.5km away. Firestone Diamonds PLC's BK11 diamond mine is 2.5km away from AK10 and Lucara Diamond Corporation's AK6 kimberlite pipe (Karowe Mine) is 4km away from AK10. Karowe Mine recently produced Type II large diamonds inclusive of the 813 carat 'Constellation' and the 1,109 carat 'Lesedi La Rona'.

The Option & Joint Venture Agreement Overview

At the completion of Phase 1 (described in the AK10 Workplan below) the equity interests in the Project will be as follows:

Pangolin	51%
MCB	49%

If Pangolin decides to proceed to a joint venture (“JV”), and in the event that both Parties agree to fund Phase 2 of the JV, the percentages will remain the same.

If one of the Parties elects not to fund Phase 2 of the JV and the other Party elects to sole fund (i.e. contribute 100% of the cost of Phase 2 of the JV), the sole funding party will increase its percentage in the Project to 75%. At the completion of Phase 2 of the JV, the equity interest in the Project would then be:

100% Contributing Party to Phase 2 JV	75%
Non-contributing Party to Phase 2 JV	25%

There is a one-time opportunity for the non-contributing party to buy back a 10% equity stake at a predefined cost to the buyback party. If the buyback clause is invoked the parties will have interests of:

100% Contributing Party to Phase 2 JV	65%
Buy Back Party	35%

In the event that one of the parties does not want to contribute to the final commercial development of the Project, the other party may elect to sole fund the development of the Project. The non-contributing party will then be diluted until its participating interest has been diluted to below 10% and its participating interest will be reduced to a fixed net profits interest of 5%.

AK10 Workplan

The 12-month ‘option period’ work programme will consist of, but not be limited to, the following:

Compile and assess all available historical exploration data over the Area of Prospecting Licence 166/2017;

Conduct geophysical surveys over areas of interest which may include groundmagnetic, gravity and VLF surveys;

Conduct aerial photography surveys to establish a base case environment;

Conduct a soil sampling programme over Prospecting License 166/2017 or parts thereof;

Drilling, if necessary, of holes to determine the extent of the kimberlite;

Pitting, if necessary, of near surface kimberlite to a maximum depth of 30m of kimberlite intersection;

Analyse kimberlite indicator minerals to establish a diamond window signature for any kimberlite within Prospecting License 166/2017;

Process any kimberlite recovered through drilling or pitting to recover diamonds from the kimberlite;

Any diamonds recovered from the 12 month option period work programme will be considered as part of the 500 carats required to be produced under Phase 1 of the JV if Pangolin exercises its option to proceed to Phase 1 of the JV; and

Compile all exploration data obtained during the option period work programme for the purpose of assessing the potential of Prospecting License 166/2017 which will allow Pangolin to make an informed decision whether to proceed to Phase 1 of the JV or not to proceed.

Pangolin shall be solely responsible to fund all costs associated with the planned 12 month work programme. During such time, Pangolin will make a determination whether the potential mineralization of the kimberlites is of such a level that Pangolin will elect to commence the formal JV relationship described in this press release.

Other

The Board and management of Pangolin would like to thank the efforts of Gareth Penny, its past Chairman and current special advisor to the Company, for assisting in this transaction.

Quality Control and Quality Assurances

Quality assurance procedures, security, transport, storage, and processing protocols conform to chain of custody requirements.

The technical disclosure in this news release has been reviewed and approved by Dr. Leon Daniels, BSc., BSc. Honours Geology, PhD and a Qualified Person as defined by National Instrument 43-101.

About Pangolin Diamonds Corp. and Our Social Connections

For more information on Pangolin Diamonds Corp., please visit our website at <http://pangolindiamonds.com>

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