Pangolin Drills into Kimberlite Dyke, Botswana Africa; Mini-Bulk Sample of 100 Tonnes Planned to Determine Diamond Content

TORONTO, ONTARIO July 31, 2018 - Pangolin Diamonds Corp. (TSX-V: PAN) (the "Company" or "Pangolin") is pleased to provide an update on the drilling programme at Pangolin's 100% owned Malatswae Diamond Project, Botswana, Africa.

- Two diamonds recovered at surface in excess of 1mm in long axis size
- BH1 - Kimberlitic garnets with Class 1 surface textures recovered at a vertical depth between 21.6 and 26.9 m
- BH2 - Kimberltiic garnets with primary surface textures recovered at a vertical depth between 47.6 m and 52.8 m
- BH3 – Kimberlitric garnets with primary surface textures recovered at a vertical depth between 21.6 and 26.9 m
- The combination of the soil sample and drilling results are indicative of a diamondiferous kimberlite dyke system at MAL 001
- Once core drilling is completed, a mini-bulk sample of at least 100 tonnes will be undertaken to determine the diamond content for the kimberlite

Following a 24-month soil sample programme sampling the same 4 hectare grid monthly, a well defined kimberlite indicator anomaly was identified in the MAL 001 area of the Malatswae Diamond Project. The indicators were analysed and reported on 08 May 2018 (see news release – May 8 2018). The majority of the indicators analysed are garnets (93) and consist predominantly of peridotitic garnets which include 4 × G10 garnets and an additional 41 garnets consistent with a derivation from the diamond stability field.

Two diamonds, both in excess of 1mm in long axis size, were also recovered from the soil samples at MAL001. The presence of the diamonds is consistent with the observed garnet compositions above.

A detailed groundmagnetic survey was been completed over the 4 hectare area and no magnetic anomaly is present. The distribution of the recovered diamonds and indicators are concentrated in the central part of the area covered by the groundmagnetic survey and suggests that the source of the indicators extend beyond the northern and southern limit of the survey area.

Borehole MAL 001/BH1 was drilled with an air percussion drill at an angle of 60 degrees from the horizontal in a southwesterly direction to intersect possible source rocks below the indicator anomaly. Geological logging of the percussion chips from this borehole indicate that Kalahari sediments depth and the top of the surrounding Karoo rocks is at a vertical depth of 17.3m at this position. Samples were collected on a 6m interval basis and processed through a mini-DMS 1 tph plant for indicator minerals. Garnets with Class 1 surface textures were recovered from the drilled material between the drill hole depth intersection of 25m to 31m, which is equivalent to a vertical depth between 21.6 and 26.9 m.

Boreholes MAL 001/BH2 and MAL 001/BH3 were drilled 50 metres to the south east from MAL 001/BH1 with an air percussion drill at an angle of 60 degrees from the horizontal in a northeasterly direction to intersect possible source rocks below the indicator anomaly. Samples were collected on a 6m interval basis and processed through a mini-DMS 1 tph plant for indicator minerals.

Garnets with primary surface texture were recovered from the drilled material of borehole MAL 001/BH2 between the drill hole depth intersection of 55m to 61m, which is equivalent to a vertical depth between 47.6 m and 52.8 m.

Borehole MAL 001/BH3 was drilled 15 m to the northeast of borehole MAL 001/BH2. In both holes, geological logging of the percussion chips from this borehole indicate that Kalahari sediments depth and the top of the surrounding Karoo rocks is at a vertical depth of 19.0m at this position. Garnets with primary surface textures were recovered from the depth interval of 25 to 31 m, which is equivalent to a vertical depth between 21.6 and 26.9 m. This positive recovery is vertically correlated with the positive recovery of indicators in borehole MAL 001/BH2.

The combination of the soil sample and drilling results are indicative of a diamondiferous kimberlite dyke system at MAL 001. A systematic programme to assess the economic potential of the dyke system will be undertaken. Initially, a core drilling programme will be undertaken to determine the width and extent of the dyke system. Once the core drilling programme has been completed a mini-bulk sample of at least 100 tonnes will be undertaken to confirm and determine the diamond content for the kimberlite.

In addition, following the Marsfontein model where an enlargement was discovered on a diamondiferous dyke system, a programme to search for an enlargement on the MAL 001 dyke system has commenced. Soil sampling will be extended to the north and the south of the current sampling grid. An extended groundmagnetic survey has produced an anomaly of approximately 1.5 hectares on strike about 500 m to the southeast of borehole MAL 001/BH3. A detailed soil sample programme over the groundmagnetic anomaly has been initiated.

Kimberlite dykes have been successfully mined in South Africa for more than sixty years. The Bellsbank dykes have been mined for diamonds since 1956. Other kimberlite dyke mines in South Africa are Swartruggens, Sover, Star and Klipspringer. Enlargements in the form of small pipes have been found at Bellsbank, Star and Marsfontein.

DRILLING UPDATE

Drilling on PAN Projects in Botswana continues in the third quarter. Due to large sample backlogs at laboratories, analytical results from the drilling conducted earlier in the year have not been received. Results will be announced once the analytical data is available and has been assessed.

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 Miracle Muusha MSc and a Qualified Person as defined by National Instrument 43-101.

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