

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 annual audited consolidated financial statements for the years ended June 30, 2022 and June 30, 2021. Additional information relating to the Company may be accessed through SEDAR at www.sedar.com.

This commentary is as of October 28, 2022. 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" or "Pangolin") 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 82 Richmond St East, Toronto, Ontario M5C 1P1.

On March 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.

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 PDL held on January 15, 2013, the amalgamation of Key Gold and PDL, 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 the Company ("Pangolin Share") for each two outstanding common shares in the capital of Key Gold and PDL shareholders received one Pangolin Share for each outstanding common share in the capital of PDL.

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).

On July 15, 2022, the company entered into an agreement to acquire from Amulet Diamond Corporation ("Amulet Canada"), an arm's length party to the Company, all of the issued and outstanding shares of Amulet Diamond (Botswana) Pty Limited ("Amulet Bots") for nominal consideration, which entity holds certain plant and equipment assets (the "BK11 Assets") relating to the BK11 Mine, located in Letlhakane, Botswana. The BK11 Assets were originally acquired by Amulet Bots pursuant to the terms of a contractor and sampling services agreement, signed with Firestone Diamonds Limited and dated May 23, 2017.

As at the date hereof, Diacor International Ltd. ("Diacor"), which party is arm's length to each of Amulet Canada, Amulet Bots and the Company, holds security (the "Amulet Security") over all of the assets and undertakings of Amulet Canada in connection with the extension of a US\$2 million loan (the "Amulet Indebtedness") made by Diacor to Amulet Canada in May 2017 and has consented to the transactions (the "Transactions") contemplated in the Agreement, including the discharge of the Amulet Security subject to the terms and conditions of the Agreement. As consideration for the release of the Amulet Security, Pangolin has agreed to use its best commercial efforts to liquidate the BK11 Assets following completion of the Transactions, subject to certain exceptions, and remit to Diacor 90% of the proceeds from such dispositions over a period of up to 18 months (the "Disposition Period") until Diacor has received US\$500,000 in satisfaction of the Amulet Indebtedness.

In connection with the completion of the Transactions, Pangolin has agreed to grant Diacor a general security interest (the "Pangolin Security") in its assets and undertakings for the duration of the Disposition Period. Regardless of the value of the proceeds remitted to Diacor by Pangolin during the Disposition Period, Diacor has agreed to discharge the Pangolin Security upon the termination of the Disposition Period, at which point Diacor will no longer have any interest in and to the

proceeds of any future sales of BK11 Assets, as Pangolin will retain a 100% interest in all such sales and any remaining BK11 Assets.

Properties

Pangolin, through its wholly-owned subsidiaries, holds title to various properties (herein, the "Pangolin Properties"). The Pangolin Properties consist of nine (9) diamond prospecting licences (PL033/2019, PL134/2020, PL141/2020, PL172/2020, 261/2022, 262/2022, 263/2022, 264/2022 and 726/2022) granted by the Minister of Minerals Resources, Green Technology and Energy Security, of the Republic of Botswana (herein, the "Ministry") in favour of Pangolin Botswana (the "Pangolin Botswana Prospecting Licences").

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 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 as well as the Chief Executive Officer and President of the Company, holds a 1.15% net smelter royalty on new diamond deposit discoveries – calculated on the same basis as the Botswana Government's royalty. During the quarter, Nomathata Diamonds agreed to sell a portion of its royalty to Umgeni Holdings International Limited ("Umgeni") for proceeds of \$300,000. Umgeni an arm's length company, now holds a 3.75% gross overriding royalty of an amount equal to 97% of gross proceeds from the sale of diamonds ("GOR") and a 3.75% NSR on an amount equal to 97% of gross proceeds from the sale of base and precious metals in Pangolin's Malatswae, Moenyenana and Motloutse diamond projects.

Malatswae Project

The Malatswae Project licences reached the end of their tenure period on September 30, 2022 and expired.

Motloutse Diamond Project

The Motloutse Diamond Project is located in eastern Botswana and is comprised of eight diamond PLs as described below:

PANGOLIN DIAMONDS (PTY) LTD

Prospecting Licence	Validity		Surface Area
	From	To	
134/2020	01-Oct-20	30-Sep-23	1000 km ²
141/2020	01-Oct-20	30-Sep-23	445.3 km ²
172/2020	01-Oct-20	30-Sep-23	1000 km ²

261/2022	01-Oct-20	30-Sep-23	135 km ²
262/2022	01-Oct-22	30-Sep-25	36 km ²
263/2022	01-Oct-22	30-Sep-25	19 km ²
264/2022	01-Oct-22	30-Sep-25	474 km ²
726/2022	01-Oct-22	30-Sep-25	28 km ²
Total			3114.1 km ²

Two prospecting licences, PL321/2016 and PI229/2014 expired at the end of their tenure on September 30, 2022.

Property Description and Status

Five prospecting licences (PL 261/2022, PL262/2022, PI263/2022, PI264/2022 and PI726/2022) have been newly issued to Pangolin Botswana for a three year period from October 1, 2022 to September 30, 2025.

Three prospecting licences (PL134/2020, PL141/2020 and PL172/2020) have been issued to Pangolin Botswana for a period of three years from October 1, 2020 to September 30, 2023.

Exploration to Date

Historically, the first authenticated diamonds in Botswana were found within the boundaries of PL 229/2014. The source of the diamonds has not been discovered.

A number of diverse aeromagnetic targets were followed up on the ground with both soil sampling and geophysical surveys. This programme was undertaken to filter different types of aeromagnetic anomalies identified within the Motloutse Project area. A number of anomalies have been tested since the inception of the Motloutse Project. To date no kimberlite has been discovered. This programme is in progress.

A soil sample grid, the MSD Grid, was established over an area where a diamond was found and independently reported during an exploration programme in 1996. Initially a total of 132 samples were collected on a 50m x 50m x 100 litre basis. A number of indicators were recovered from the soil samples, including one diamond. Several of the indicators have surface textures indicating a proximal source.

Subsequently, additional soil sampling programmes were undertaken over the grid area. These samples were collected on a 25m x 25m grid and the samples returned additional indicators. The assessment of the indicator surfaces are indicative of a proximal source and detailed geophysical surveys were conducted over the MSD Grid area, including ground magnetometry, VLF and AMT. Data interpretation to date suggests that the source of the indicators may be a dyke system with possible enlargements. An extension grid to the area where the historical diamond was found has been sampled on a 50m x 50m grid. The samples returned a few positive results, suggesting that the interpreted dyke system may extend over a distance of 1.3 km.

Three trenches totaling 420m of trenching to a depth of 3 metres have been completed over the MSD Grid area. The samples have been processed for kimberlite indicator minerals. No indicators were recovered from the underlying Karoo sediments, indicating that the indicators are not from Karoo sediments but from a local kimberlitic source.

Regional soil sampling on a 1km x 1km basis has been completed over PL 229 and the samples have been processed through the in-house 1 tph Dense Media plant. Most of the samples were negative. A few samples returned single indicators. These positive samples are being followed up with additional sampling grids over the positive results.

During a joint venture between AMPAL and De Beers in the mid 1990's a kimberlitic garnet anomaly was identified in PL 52/1990 which is now located in the western part of PL 229/2016. The conclusion drawn by De Beers was that these garnets originated from the Orapa kimberlite field 150 kilometres to the west.

Orientation sampling conducted by Pangolin has recovered garnets from this AMPAL Garnet Anomaly (AGA) area. A study of the surface conditions of the garnets recovered by Pangolin suggests that the garnets have a local derivation and not distal from the Orapa kimberlite field. The initial orientation results obtained by Pangolin from the AGA area have prompted Pangolin to define the AGA area as a special project area to discover the source of the kimberlite indicators historically recovered from the AGA area.

Historical sampling by previous exploration companies have reported diamonds up to 2.4 carats along the drainage of the Motloutse river. The reported diamonds have prompted commencement of sampling of the subsidiary streams draining into the Motloutse from the north in PL229/2014 and PL321/2016.

Results of Operations

During calendar Q2/2022, the field operations continued to be focused on following up aeromagnetic targets with ground magnetic surveys and soil sampling. Aeromagnetic targets have been selected for ground magnetic surveys within the prospecting licences. These ground magnetic surveys over selected targets continued during the quarter. In addition, soil sampling of the aeromagnetic targets is in progress.

Exploration Planning

Ground magnetic surveys and soil sampling over selected aeromagnetic anomalies in, PL134/2020, PL 141/2020 and PL 172/2020 will continue.

Pangolin diamonds has entered into an Option Agreement with Diamextract Botswana Proprietary Limited within a defined area of interest of PL172/2020. Diamextrat has the opportunity to earn an interest of 80% in a diamond discovery within the area of interest.

All available data over the new Prospecting Licences will be reviewed and an exploration programme will be developed to follow up targets to be developed.

Kweneng Project

Prospecting Licence 033/2019 has initially been granted to Pangolin Diamonds (Pty) Limited for a period of three years from 01 October 2019 to 30 September 2022.

PI033/2019 has been renewed for a period of two years from 01 October 2022 to 30 September 2024.

The prospecting licence is located in the Kweneng District and covers an area of 361 km². The area was previously

explored by De Beers. They reported the recovery of chromites. An assessment of the chromite chemistry has identified a significant number of chromites recovered by De Beers as having compositions similar to that of chromites recovered as diamond inclusions. The regional felsic volcanics are not the source of these chromites. In addition, some of the chromites have compositions consistent with a derivation from a highly reduced mantle and inconsistent with a derivation from volcanics extruded at surface.

Exploration to Date

Five targets have been followed up with ground magnetic surveys. Soil samples have been collected over three of the targets. Drilling has identified an ultramafic dyke associated with mantle chromites in the KW04 valley.

Results of Operations

Due to COVID-19 movement restrictions over the Kweneng area exploration activities have been restricted. To overcome the restrictions of movement across COVID Zones the Company has relocated soil sample teams to be resident within the COVID Zone in which the Kweneng Project is located. The relocation of field staff has been successful and over 1000 soil samples have been collected. The soil samples are currently being processed and the concentrates from the samples are being assessed. Indicators have been recovered from some of the termite hill samples in the KW04 valley. Processing of the soil samples from the KW04 valley has been completed and the results are being assessed. No field work was conducted in this prospecting licence during Q2/2022.

Exploration Planning

Operations in the Kweneng Project will be ground magnetics along the strike and structural direction of the hypabyssal dyke discovered in the KW04 valley.

Yashomann Option Agreement

Pangolin Diamonds has entered into an Option Agreement with Yashomann Industries Limited (Yashomann) to explore PL280/2015 for diamonds. PL280/2015 is located in the Central District of Botswana and is situated in the headwater region of the Motloutse River where the first diamonds were discovered in Botswana.

The Option period was not extended at the end of June, 30 2022.

Yokota Diamond Project

A joint venture has been entered into with Yokota-Kikau (Pty) Ltd, a Botswana registered company, to explore the Orapa kimberlites AK21, AK22 and AK23 in Prospecting Licence 071/2020 and Orapa kimberlite BK08 in Prospecting Licence 072/2020. Pangolin Diamonds has the ability to earn a 90 percent interest in the kimberlites.

A limited drilling programme was undertaken at the BK08 kimberlite. The samples from holes drilled into the kimberlite have been processed and a suite of indicator minerals have been selected for microprobe analysis. The microprobe analyses are awaited.

A review of all the available historical and current data of the three kimberlites in PL 071/2020 have not produced encouraging results and it has been decided to withdraw from PL 071/2022.

Permission has been granted by the Department of Mines to take a 40 cubic metre sample (approximately 100 tonnes) from kimberlite 2125B/K08, located in PL 072/2022. During logging of drill samples as well as observations made after the processing of the drill samples, it has been concluded that the BK08 kimberlite has at least 2 phases of intrusion. The results of the microprobe analyses of indicator minerals as well as xenolith fragments are awaited to position the location of the mini bulk sample. Pangolin has earned a 26% interest in kimberlite BK08 by completing the Phase 1 work programme on this kimberlite.

Letlhakane Diamond Project

Pangolin Diamonds has signed a Joint Venture Agreement with Koos Segolo Business Solutions dated 24 April 2022 to explore PL247/2017. Pangolin diamonds has the ability to earn an 85 percent interest in the project. The prospecting licence is located in the vicinity of Letlhakane between the Letlhakane Mine and the Orapa Mine. The 2125B/K31 kimberlite is situated within the boundaries of PL 247/2017.

The focus of exploration will be alluvial depositions of diamonds. The Letlhakane River initially flowed in the opposite direction to what it does today and would have drained all the kimberlites to the northwest and northeast of Letlhakane village. These include Orapa AK1, AK2, AK3, AK4, AK7, BK1, BK9 and BK12(all of them in mining licences.) as well as many of the other Orapa kimberlites.

There is some evidence that the Palaeo Letlhakane had a complex history in the Orapa area. This is to be expected over a period of 90 million years and was not necessarily restricted to the current course of the Letlhakane River. There is also evidence that the southeast flowing Letlhakane River was a significantly bigger river in the past than what we see today.

Additional evidence of a distribution of alluvials in a "southern" direction from the Orapa Mine kimberlites is the presence of the Orapa South alluvial gravels which have now been included into the "extended" Orapa Mining Licence.

It is expected that there will be different levels of gravels from the Pre-Upwarp period as we see in the Kimberley area and the Nooitgedacht and Droogeveltdt gravels associated with the Vaal River in the Kimberley region of South Africa are good examples to use as models for the Orapa pre-Upwarp gravels.

After the post-Cretaceous upwarp (Kalahari Schwelle) the flow direction of the Letlhakane reversed and flowed towards the northwest. There is evidence of secondary and alluvial diamond distribution to the northwest. The inclusion of alluvial deposits to the northwest of the Orapa Mining Licence into the mining licence was concluded after De Beers did extensive exploration for alluvials on the northern side of the original mining licence.

Of particular interest from an alluvial potential point of view is the location of the Letlhakane Mine DK1 and DK2 kimberlites. These two kimberlites are located immediately to the east of the current Letlhakane River. Prior to the upwarp the erosion of diamonds from these kimberlites would have been dispersed towards the southeast. After the change of flow direction the diamonds from these two kimberlites would have been dispersed towards the northwest. Early De Beers reports indicated an "alluvial" dispersion of diamonds from the kimberlites towards the current Letlhakane channel. The Letlhakane diamonds have always been recognized as superior in value and quality to the Orapa diamonds.

PL247/2017 is located to the southeast of the majority of the Orapa kimberlites and to the northwest of the Letlhakane Mine kimberlites. Aeromagnetic data indicate that there is at least one major dolerite dyke cutting across the Letlhakane channel within PL247/2017, creating the potential for a focused alluvial diamond trap site environment. A study of the Google Earth images over this area indicate that, in addition to the current channel, there are a few abandoned Letlhakane River paleo-channels.

PL247/2017 will also be explored for the possibility of discovering new kimberlites.

Additional Disclosure for Venture Issuers Without Significant Revenue

During the years ended June 30, 2022 and June 30, 2021 the Company incurred the following exploration and evaluation expenditures:

	2022	2021
Fuels and oils	\$ 18,265	\$ 25,287
Exploration drilling	29,198	38,287
Exploration sample analysis	-	7,770
Motor vehicle expenses	43,696	58,628
Field consumables and equipment	6,329	9,410
Repairs and maintenance	27	1,838
General exploration expenses	215,682	257,761
	\$ 313,197	\$ 398,981

Results of Operations

Quarterly Results

Quarterly Data	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
000's								
Net (loss) income	(159)	(135)	(165)	(116)	(206)	(149)	(213)	(167)
Basic (loss) income per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Revenue

The Company did not have any revenue for the years ended June 30, 2022 and 2021.

Share-Based Compensation

Share-based compensation for the period ended June 30, 2022 totalled \$nil (Period ended June 30, 2021 - \$nil).

Costs and Expenses

Costs and expenses for the year ended June 30, 2022 were \$574,990 and included the following categories: Exploration and evaluation expenditures, consulting fees, professional fees, administrative costs, travel and promotion, depreciation, and investor relations expenses.

Loss

Pangolin had a net loss of \$574,990 for the year ended June 30, 2022. Exploration activities accounted for \$313,197, consulting fees of \$72,000, and administrative costs of \$92,513, investor relations, promotion and travel of \$nil, professional fees of \$49,121, and a foreign exchange gain of \$2,679, share based payments of \$nil, equipment write-down of \$33,059, and depreciation totaled \$17,779.

Quarterly Results

Loss

Pangolin had a net loss of \$159,306 for the three months ended June 30, 2022. Exploration activities accounted for \$66,957, consulting fees of \$18,000, investor relations, promotion and travel of \$nil, professional fees of \$29,937, depreciation of \$11,654, equipment write down of \$33,059, and a foreign exchange loss of \$1,175, Share based payments totaled \$nil.

Liquidity

Pangolin has financed its operations to date by the issuance of common shares and the sale of royalty interests. The Company presently has no debt or other operating credit facilities. Pangolin had a working capital deficiency of \$816,680 and cash of \$135,150 as at June 30, 2022 as compared to a working capital deficiency of \$290,991 and cash of \$74,188 as at June 30, 2021. 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 a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. During the year ended June 30, 2022 the Company received non-interest bearing advances of \$430,018 from a shareholder.

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 the Company:

The remuneration of directors and other key members of management personnel during the years ended June 30, 2022 and 2021 were as follows:

		2022	2021
Consulting fees (CFO)	\$	72,000	\$ 72,000
Consulting fees included in exploration expenses (CEO)	\$	92,300	\$ 93,749

Related party transactions:

As at June 30, 2022 and June 30, 2021, respectively, the Company had the following balances receivable from (payable to) related parties that are not subsidiaries of the Company:

		June 30, 2022	June 30, 2021
Shareholders' loans (CEO)	\$	(8,471)	\$ (20,018)

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

During the year ended June 30, 2022, the Company incurred legal fees of \$2,450, (2021 - \$10,358) charged by a law firm of which a director of the Company is a partner. Included in amounts payable as at June 30, 2022 was \$2,343 (2021 - \$nil) owing to this law firm.

During the year ended June 30, 2022, the Company incurred rent expense of \$18,000, respectively (2021 - \$18,000) charged by a director of the Company for use of a facility in Botswana. As at June 30, 2022, \$45,000 (2021 - \$27,000) was included in amounts payable and accrued liabilities pertaining to rent incurred.

During the year ended June 30, 2022, the Company incurred rent expense of \$2,400 (2021 - \$6,000) charged by the Company's CFO for office space. As at June 30, 2022, \$nil (2021 - \$nil) was included in amounts payable and accrued liabilities pertaining to rent incurred.

Included in accounts payable is \$84,000 (2021 - \$12,000) owed to the Company's Chief Financial Officer and \$185,168 (2021 - \$106,377) owed to the Company's Chief Executive Officer who is also a director of the Company for consulting fees and sundry expense reimbursements. These amounts are unsecured, non-interest bearing, with no fixed terms for repayment.

The above noted transactions were approved by the Board of Directors.

Contingency

Environmental contingencies

The Company's exploration activities are subject to various federal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company may make in the future, expenditures to comply with such laws and regulations.

Contingency

Pursuant to a share purchase agreement dated March 22, 2011, as amended November 8, 2012, and March 1, 2013, the Company has agreed to pay Leon Daniels, the former majority shareholder of PDL and a current director and officer of the Company, \$1,200,000 in the event that the Company discovers at least ten kimberlites in connection with its properties, payable within 24 months of the discovery of such kimberlites, provided that each such kimberlite is "diamondiferous" as verified by a Qualified Person (as such term is 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 10 as described above. There have been no such kimberlites discovered by the Company to date.

Consulting agreements

The Company entered into a consulting agreement with an individual to perform functions as the Chief Financial Officer of the Company for a monthly fee of \$6,000. This agreement was renewed in December 2020, and stipulates a 90 day notice provision in the event of termination.

The Company has also entered into a consulting agreement, effective September 1, 2017, with an individual to perform functions as the Chief Executive Officer of the Company for a monthly fee of US \$6,000. This agreement was renewed in December 2020, and stipulates a 90 day notice provision in the event of termination.

Royalty Agreement

The Botswana government retains a 10% net royalty on the market value of produced diamonds and can select to participate in development by contribution of its share of development costs. Nomathata Diamonds Inc., a corporation incorporated in the Republic of the Seychelles, which is controlled by a significant shareholder who is also a director and officer of the Company, holds a 1.15% net smelter royalty ("NSR") calculated on the same basis as the government's royalty.

On April 1, 2018, the Company signed an option agreement (the "Agreement") with Makanwu 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. In connection with this Agreement, the Company signed a joint venture agreement in June, 2018 which will come into effect at such time as the interest is earned under the option agreement.. In December 2020, this option agreement was allowed to lapse due to restrictive working conditions.

On November 27, 2018, the Company announced it had reached an agreement with Umgeni Holdings International Limited ("Umgeni") under which Umgeni has agreed to acquire a royalty interest in Pangolin's Licences located within the Central District of Botswana, as well as an area defined as the Adjacent Area of Interest for \$600,000. Umgeni is a private company of which Dr. Christopher Jennings is a beneficiary of the sole shareholder that initially purchased a 1.3% GOR and a 1.3% NSR for \$600,000 in May of 2017.

Under the terms of the agreement, Umgeni agreed to pay Pangolin an additional \$600,000, (of which all \$600,000 had been received during the year ended June 30, 2020), for a total of \$1,200,000 in funding to date to acquire the following royalty interests in Pangolin's Malatswae, Moenyenana and Motloutse diamond projects: a 2.6% gross overriding royalty on diamonds ("GOR") and a 2.6% net smelter returns royalty on base and precious metals ("NSR") over the Licences issued to Pangolin Diamonds (Pty) Limited and Geocontracts Botswana (Pty) Limited, located within the Central District of the Republic of Botswana, as well as a defined Adjacent Area of Interest.

During the year, Nomathata Diamonds agreed to sell a portion of its royalty Umgeni Holdings International Limited ("Umgeni") for proceeds of \$300,000. Umgeni an arm's length company, now holds a 3.75% gross overriding royalty of an amount equal to 97% of gross proceeds from the sale of diamonds ("GOR") and a 3.75% NSR on an amount equal to 97% of gross proceeds from the sale of base and precious metals in Pangolin's Malatswae, Moenyenana and Motloutse diamond projects.

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,	The operating and exploration activities of the Company for the twelve-month period ending June 30, 2023, and the costs associated	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs;

<p>2023.</p> <p>The Company expects to incur further losses in the development of its business</p> <p>Should the Company not raise sufficient capital, it may cease to be a reporting issuer</p>	<p>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</p>	<p>environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions</p>
<p>The Company's ability to carry out anticipated exploration on its property interests</p>	<p>The exploration activities of the Company for the twelve-month period ending June 30, 2023, 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</p>	<p>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</p>
<p>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</p>	<p>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 diamonds will be favourable to the Company; no title disputes exist with respect to the Company's properties</p>	<p>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</p>
<p>Management's outlook regarding future trends</p>	<p>Financing will be available for the Company's exploration and operating activities; the price of diamonds will be favourable to the Company</p>	<p>Diamond price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions</p>
<p>Prices and price volatility for</p>	<p>The price of diamonds will be</p>	<p>Changes in debt and equity markets</p>

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

Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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) 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 consolidated 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.

(ii) 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.

(iii) 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.

Management's Responsibility for Financial Statements

The preparation of the consolidated financial statements is the responsibility of management. In the preparation of the consolidated financial 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 consolidated 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 has relied to date, on equity financing to fund its operations. Pangolin does not have sufficient financial resources to undertake all of its currently planned exploration programs. There can be no assurance that Pangolin will be 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 believes it has good and valid 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.

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 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 Pangolin's 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 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 186,232,618 common shares outstanding, 51,725,800 warrants outstanding at an exercise price of between \$0.05 and \$0.07 per share and 7,600,000 stock options outstanding at an exercise price of between \$0.05 and \$0.10.

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

On July 15, 2022, the company entered into an agreement to acquire from Amulet Diamond Corporation ("Amulet Canada"), an arm's length party to the Company, all of the issued and outstanding shares of Amulet Diamond (Botswana) Pty Limited ("Amulet Bots") for nominal consideration, which entity holds certain plant and equipment assets (the "BK11 Assets") relating to the BK11 Mine, located in Letlhakane, Botswana. The BK11 Assets were originally acquired by Amulet Bots pursuant to the terms of a contractor and sampling services agreement, signed with Firestone Diamonds Limited and dated May 23, 2017.

As at the date hereof, Diacor International Ltd. ("Diacor"), which party is arm's length to each of Amulet Canada, Amulet Bots and the Company, holds security (the "Amulet Security") over all of the assets and undertakings of Amulet Canada in connection with the extension of a US\$2 million loan (the "Amulet Indebtedness") made by Diacor to Amulet Canada in May 2017 and has consented to the transactions (the "Transactions") contemplated in the Agreement, including the discharge of the Amulet Security subject to the terms and conditions of the Agreement. As consideration for the release of the Amulet Security, Pangolin has agreed to use its best commercial efforts to liquidate the BK11 Assets following completion of the Transactions, subject to certain exceptions, and remit to Diacor 90% of the proceeds from such dispositions over a period of up to 18 months (the "Disposition Period") until Diacor has received US\$500,000 in satisfaction of the Amulet Indebtedness.

In connection with the completion of the Transactions, Pangolin has agreed to grant Diacor a general security interest (the "Pangolin Security") in its assets and undertakings for the duration of the Disposition Period. Regardless of the value of the proceeds remitted to Diacor by Pangolin during the Disposition Period, Diacor has agreed to discharge the Pangolin Security upon the termination of the Disposition Period, at which point Diacor will no longer have any interest in and to the proceeds of any future sales of BK11 Assets, as Pangolin will retain a 100% interest in all such sales and any remaining BK11 Assets.