Pangolin Diamonds Exploration Update at Its Malatswae Project, Botswana

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Malatswae South

- Malatswae South drilling identifies upper terrace fluvial gravels at alluvial target believed to be downstream from the Orapa Kimberlite Field

- Upper terrace fluvial gravels intersected at a maximum depth of 15 metres and up to 4 metres, containing rounded siliceous pebbles and volcanic pebbles

- Mini-bulk samples will be recovered from identified plunge pools and potholes

Malatswae North

- Malatswae North drilling intersects basalt that further defines priority kimberlite targets in the area for 2014 drilling

- The presence of mantle derived garnets are indicative of undiscovered kimberlites within the project area

- Malatswae North exploration results increasingly

similar in character to Petra Diamond's kimberlite project that resulted in the discovery of the diamondiferous KX36 kimberlite

- Company's exploration program is funded into mid-2014

TORONTO, ONTARIO--(Marketwired - Dec 17, 2013) - **Pangolin Diamonds Corp. (TSX VENTURE:PAN)** (the "Company" or "Pangolin") announces the discovery of upper terrace fluvial gravels, believed to originate from the Orapa Kimberlite Field, at its Malatswae South Alluvial Diamonds Project. Fluvial terraces are the remnants of earlier floodplains that existed at a time when either a stream or river was flowing at a higher elevation before its channel downcut to create a new floodplain at a lower elevation.

Six equally spaced exploration holes using a 165mm tricone bit were drilled to obtain a profile across an alluvial target identified from detailed gravity surveys within the Malatswae South Project area. Fluvial gravels were intersected in all six holes, with the Kalahari Formation cover varying between 9 and 11 metres. The thickness of the basal gravels varied from 1 m to 4m. The gravels consisted of a mixture of rounded siliceous pebbles, volcanic pebbles and locally derived sandstone. The pebbles varied in diameter from 1 to 4 cm. In all six holes the bedrock was sandstone.

The bedrock underlying these fluvial gravels has been intersected at significantly shallower levels than previous historical drilling programs in the area. The discovered gravels are interpreted to represent an upper, older terrace.

The next phase for this area is a Ground Penetrating Radar ("GPR") survey planned for early 2014. It will take place along the drill profile obtained for ground proofing, prior to expanding the survey over the greater alluvial target area. The GPR results will be used to target specific sites believed to be associated with potholes and plunge pools. Mini-bulk samples will be recovered from identified plunge pools and potholes.

The Malatswae South Alluvial Diamond Project

Pangolin believes that the paleo channels buried under the Kalahari Formation which it has targeted are the channels which drained the Orapa kimberlite field during the Late Cretaceous through to approximately 2 million years ago.

The history of diamonds in Botswana dates back to the late 1950s when an exploration program by Selection Trust found the first alluvial diamonds at Foley Siding. A subsequent exploration program by De Beers led to the discovery of the 93 million year old Orapa kimberlite pipe in April 1967. The Orapa AK1 kimberlite was brought into production in 1971. The grade of the upper zones of the kimberlite was approximately 2 carats per cubic metre. At a surface area of 116 hectares the diamond content of the kimberlite was approximately 2 million carats per vertical metre.

Geological modeling indicates that at least 25 metres of the Orapa kimberlite had eroded, and it is considered likely that 100 metres of kimberlite could be eroded. In addition to the contribution that the erosion of the Orapa kimberlite could have made to any alluvial distribution of diamonds, there are at least another 76 known smaller kimberlites within the Orapa kimberlite field, including the Letlhakane diamond mine, the AK6 kimberlite (www.lucaradiamond.com - Lucara Diamond Corp.), and BK11 and BK 16 (www.firestonediamonds.com - Firestone Diamonds plc). The Orapa Mine is capable of producing approximately 12 million carats per annum.

The geology of the main alluvial gravels in South Africa is well known as a series of channel and terrace

gravels dating from the Late Cretaceous age (65 million years) to present. In Botswana the main drainage divide, known as the Kalahari Schwelle, is suggested to have developed between 25 million years and 2 million years ago. Prior to this crustal upwarp, the drainage from the Orapa area was in a southeast direction towards the Limpopo drainage.

The zone selected for exploration for the alluvial channels is characterized by the presence of large dolerite dykes transecting the area in an ESE-WNW strike direction. The difference in rock competency between the dolerite dykes and the host country rock is likely to give rise to preferential weathering of the country rock and the subsequent development of plunge pools and potholes. In addition, shallow angle thrust fault zones are potential diamond deposition sites. It is expected that the country rock in this area will be sandstones and basalts. Plunge pools and potholes are ideally suited for the concentration of diamonds in an alluvial environment.

Analogies to this type of depositional environment can be found in South Africa and Angola. The Octha Diamond Mine in the lower Orange River has been mined for alluvial diamonds for more than 40 years. The deposit consists of a large plunge pool developed at the contact of two rock types with different rock competencies. Potholes and plunge pools on the lower Vaal River of South Africa have historically produced high grades of alluvial diamonds. In the Lichtenburg area of South Africa, rich alluvial gravels were mined from potholes and palaeo alluvial channels. In Angola the Dunge Channel on the Cuango River has incised deep channels and potholes into the Bhembe Sandstones. The lower parts of the potholes reached grades where diamonds were clearly visible in the alluvial sediments.

The Malatswae North Kimberlite Project

The Company has received results for the orientation drilling project it undertook in the Malatswae North kimberlite project. The holes drilled intersected basalt. This result has assisted in narrowing the search criteria for kimberlites in the area for drilling in 2014. The presence of mantle derived garnets within the project area that are unrelated to known kimberlites are indicative of undiscovered kimberlites within the project area.

The Malatswae North Kimberlite Project area is geologically similar to the area in which Petra Diamonds Ltd. discovered the diamondiferous KX36 kimberlite. This kimberlite was discovered after a significant number of exploration targets were eliminated. Pangolin has reviewed the processes used by Petra Diamonds in detail, and believes that by following a similar technical route the Company may be successful in the discovery of kimberlites.

Dr Leon Daniels, PhD, Chairman of the Board of Pangolin, stated: "*The shallow depth of the discovered fluvial gravels in the Malatswae South Alluvial Project area is encouraging for the recovery of mini-bulk samples in the future. The drilling results from the Malatswae North area are viewed as positive information that will help bring us a step closer towards the discovery of kimberlites in this complex area.*"

About the Malatswae Project

The Malatswae Project is located approximately 70 km southeast of the Orapa Mine. It comprises two areas, north and south. The Malatswae North project is focused on the discovery of kimberlites. Anomalous concentrations of kimberlite indicator minerals with mineral chemistry distinct from any known kimberlites in the area have historically been recovered from the area by Diamond Ventures and African Diamonds. The Company believes undiscovered kimberlites are located within the project area.

The Malatswae South project area, with the prolifically diamondiferous Orapa kimberlite field in its headwaters, has alluvial diamonds as a focus. The Orapa kimberlite field has no known discovered paleo-alluvial diamond deposits associated with it. Pangolin believes there are alluvial deposits buried under the Kalahari Formation which blankets the entire area. The company is concentrating on an area where it believes the geological conditions are appropriate for the formation of alluvial depositions of diamonds that eroded from the Orapa kimberlite field.

The Company cautions that information regarding the Orapa kimberlites, the Octha Mine, or the Lichtenburg or Cuango alluvials are not necessarily indicative of the alluvials discovered by the Company, and

information regarding the Petra KX36 kimberlite is not necessarily indicative of the kimberlite targets being explored by the Company. The Company further cautions that there is no guarantee that the kimberlite and/or kimberlite targets and/or alluvial diamond targets being drilled by the Company will return diamond results of any economic significance.

About Pangolin Diamonds Corp.

Pangolin Diamonds Corp. is building a leading diamond exploration and development company in the heart of Botswana, the world's leading diamond producing country by value. The Company is the 100% owner of four separate projects throughout Botswana inclusive of the Tsabong North, Jwaneng South, Malatswae and Mmadinare Projects. Pangolin's management and team leaders have over 135 years of combined diamond exploration experience in southern Africa. This makes the Company the most experienced diamond explorer in Botswana other than De Beers Exploration and Debswana. The Company is equipped for exploration, with two diamond drill rigs and a fully portable one-tonne per hour Dense Media Separation Plant used to prepare samples and make diamond concentrates. Pangolin is funded to continue its exploration programs into mid-2014.

The technical disclosure in this news release has been reviewed and approved by Dr.Leon Daniels, Ph.D., Member of AIG, Chairman of the Board of Pangolin Diamonds, a Qualified Persons under National Instrument 43-101 rules.

For more information on Pangolin Diamonds Corp., please refer to www.pangolindiamondscorp.com.

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