

## NEWS RELEASE

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TSX-V: KDI

### Update on the Kennady North Summer Drilling Program

*Faraday 2 size increases with multiple 50m kimberlite intercepts  
Additional kimberlite intersected in Kelvin geotechnical drill hole*

**Toronto, Ontario, August 4, 2017** – Kennady Diamonds Inc. (“Kennady Diamonds”, the “Company”) (TSX-V: KDI) is pleased to provide an update on the summer drilling program on the Kennady North Project. The program is approaching the halfway mark with nearly 50% of the planned 3,000m of drilling completed. Included in these latest results are three exploration holes on the Faraday 2 kimberlite that have returned robust kimberlite intercepts approaching 50m or greater.

President and CEO of Kennady Diamonds, Dr. Rory Moore commented: “We are pleased to continue our success from last fall with the exploration of the Faraday 2 kimberlite, with all three holes returning significant and consistent kimberlite intercepts. The results suggest that Faraday 2 is maintaining a constant depth and a significant volume as it tracks in a WNW direction away from Faraday Lake. In a mining scenario this is an optimum orientation for the Faraday 2 body.”

During this first half of the summer program, a geotechnical hole was also drilled adjacent to the Kelvin kimberlite for the purpose of collecting the remaining geotechnical data required to complete a pre-feasibility study of the Kelvin kimberlite. In this exercise, 23 meters of volcaniclastic kimberlite was intersected at 59 meters in a drill hole angled at 45 degrees.

With respect to the Kelvin drilling, Dr. Moore added “While intersecting kimberlite at Kelvin was not the primary goal, it is worth noting that the kimberlite intersection is better than predicted from the current geological model. In addition, over seven meters of coherent kimberlite was intersected past the main intercept, representing three kimberlite sheets each over two meters in width. Although this sheet complex is not currently considered in the Kelvin resource, a significant part of it will be processed in an open pit mining scenario, which is accretive to the overall project economics”.

Drilling will continue on the Faraday 2 kimberlite, after which the rig will be moved to the Faraday 1–3 complex where at least one hole will be drilled to test the connection at depth between the Faraday 1

and 3 kimberlites. This drill hole will also be designated to collect geotechnical as well as environmental data relevant to open pit and underground mining.

Table 1 below summarizes the drill results to date for the summer 2017 program.

**Table 1**  
**Faraday 2017 Summer Drill Program**

Drill Hole	Target	Azimuth	Inclination	Kimberlite Intercepts (m)			End of Hole (m)
				From	To	Intercept*	
KDI-17-002a	Faraday 2	102	-90	204.50	253.20	<b>48.70</b>	280
KDI-17-002b	Faraday 2	315	-80	217.00	273.00	<b>56.00</b>	304
KDI-17-003	Faraday 2	235	-65	246.20	299.30	<b>53.10</b>	310
KDI-17-001	Kelvin	045	-45	58.94	82.38	<b>23.44</b>	295

\*Intercepts not true widths.

Dr. Moore concludes, “Our systematic approach to exploring the Faraday kimberlites is adding significant value with each kimberlite intercept, as we build additional tonnage to add to the high-grade Kelvin diamond resource already defined on the Kennady North Project.”

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#### **About Kennady Diamonds**

Kennady Diamonds Inc. controls 100 percent of the Kennady North diamond project located in Canada’s Northwest Territories. Kennady North is adjacent to the Gahcho Kué Diamond Mine, a joint venture between De Beers Canada (51%) and Mountain Province (49%), which started production in late 2016. Kennady is focused on expanding its high-grade diamond resources along the Kelvin – Faraday kimberlite corridor, as well identifying new kimberlites outside of the corridor. To date an indicated resource of 13.62 million carats of diamonds contained in 8.50 million tonnes of kimberlite, with a grade of 1.60 carats per tonne and an average value of US\$63 per carat has been defined for the Kelvin kimberlite using a 1mm diamond bottom cutoff size. The Kelvin – Faraday corridor is also a target for further exploration.

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#### **Qualified Persons**

This news release has been prepared by Dr. Rory Moore, P.Geo., President and CEO of Kennady Diamonds. The technical contents of this news release have been reviewed and approved by Dr. Tom McCandless, P. Geo., an independent director of Kennady Diamonds and Qualified Person under National Instrument 43-101.

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