

## NEWS RELEASE

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TSX-V: KDI

### Kennady Diamonds Announces Faraday 2 Bulk Sample Diamond Recovery Results

*Sample grade 2.81 carats per tonne*

*Largest diamonds recovered: 4.72 carats, 4.28 carats, 3.45 carats*

**Toronto, Ontario, May 23, 2017** – Kennady Diamonds Inc. (“Kennady Diamonds”, the “Company”) (TSX-V: KDI) is pleased to announce diamond recovery results from its large diameter drilling program on the Faraday 2 kimberlite. A total of 737.6 carats of diamonds (+0.85mm) were recovered from 262.6 tonnes for a sample grade of 2.81 carats per tonne. The result is similar to the mini-bulk sample grade of 2.69 carats per tonne reported in 2016 (*see news release, July 25, 2016*). In this latest result, 45 diamonds of one carat or greater were recovered of which 12 are described as white in color. The largest stone is a 4.72 carat white/colorless octahedron with minor inclusions. Table 1 below summarizes the diamond recovery results from the 2017 Faraday 2 bulk sample.

**Table 1 – Diamond recovery results from the winter 2017 Faraday 2 mini-bulk sample.**

Kimberlite	Sample Weight <sup>1</sup> (dry tonnes)	Number of Diamonds per Square Mesh Sieve Division (mm)							Total Stones (+0.85mm)	Total Carats (+0.85mm)	Sample Grade <sup>2</sup> (ct/t)
		+0.850	+1.180	+1.700	+2.360	+3.350	+4.750	+6.700			
Faraday 2	262.6	5,406	6,011	2,036	708	124	22	3	14,310	737.6	2.81 <sup>3</sup>

*Notes: 1 – Sample weight is calculated from measured drillhole diameter and a model of kimberlite bulk density. 2 – Includes two stones from the +1.70mm, 21 stones from the +1.18mm and ten stones from +0.85mm size class recovered during DMS circuit cleanup and totaling 0.78 carats. 3 – Sample grade is for diamonds greater than 0.85mm square mesh. Rounding error may occur in the total carats and sample grade.*

President and CEO of Kennady Diamonds, Dr. Rory Moore commented: “We are delighted with this excellent result from Faraday 2, as it confirms the high diamond grade suggested by the 21 tonne mini-bulk sample completed in 2016. Moreover, even with the limitation of the small parcel size, the size distribution and quality characteristics of the Faraday 2 diamonds are better than the diamonds recovered from Kelvin to date. These results firmly support the potential for Faraday 2 to add additional high-grade diamond resources to those already established for the Kennady North Project.”

The four largest diamonds recovered from the Faraday 2 bulk sample are described by the SRC as:

- 4.72 carat white/colorless octahedron with minor inclusions
- 4.28 carat off-white transparent octahedron with noticeable inclusions;
- 3.45 carat brown transparent octahedron with noticeable inclusions;
- 2.69 carat white/colorless, transparent tetrahexahedroid with noticeable inclusions

Images of select diamonds from the 2017 Faraday 2 bulk sample will be posted on the Company's website at [www.kennadydiamonds.com](http://www.kennadydiamonds.com) under the tab "Media Links".

The Faraday 2 kimberlite was sampled by large diameter reverse circulation drilling, with the recovered material processed by dense media separation ('DMS') at the Geoanalytical Laboratories Diamond Services of the Saskatchewan Research Council ("SRC"). The SRC is accredited by the ISO/IEC 17025 standard by the Standards Council of Canada as a testing laboratory for diamond analysis. As a measure of Quality Assurance and Quality Control, a total of 51 laser-marked natural diamond tracers ranging in size from 0.10 carat to 2.84 carat were added to select sample bags at the SRC facility and 50 of the tracers were recovered. The unrecovered spike weighed 0.13 carat.

Dr. Moore added: "The Faraday 2 diamond parcel is notably higher in white diamonds compared to Kelvin, with the additional presence of fancy yellow stones extending into the carater size range. Moreover, the high quality white gem population observed at Kelvin is well-represented at Faraday 2, with a higher incidence of well-formed octahedral crystals in the larger size fractions."

Results from the Faraday 3 and 1 bulk samples are expected to be available by mid-June, following which the services of WWW International Diamond Consultants (Antwerp, Belgium) will be retained to provide an independent valuation of the Faraday bulk sample diamonds together with size frequency distribution and revenue models. This work is expected to take place in July through early August.

### **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**

Mr. Howard Coopersmith, a Professional Geologist and independent consultant to the diamond industry, is the external Qualified Person for sample processing and diamond recovery. 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 Mr. Coopersmith, and by Dr. Tom McCandless, P. Geo., an independent director of Kennady Diamonds and Qualified Person under National Instrument 43-101.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has reviewed or accepts responsibility for the adequacy or accuracy of this release.

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This news release includes certain information that may constitute “forward-looking information” under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, the Company’s strategic plans, future operations, future work programs and objectives. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

For further information, please contact:

Kennady Diamonds Inc.  
Dr. Rory O. Moore, President and CEO  
(416) 640-1111  
[investors@kennadydiamonds.com](mailto:investors@kennadydiamonds.com)