

Kennady Diamonds Inc.

Terms of Reference

Corporate Governance and Nominating Committee of the Board of Directors

A. Role

1. The role of the Corporate Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Kennady Diamonds Inc. (“KDI”) is to assist the Board in:
 - (i) Establishing corporate governance policies and practices;
 - (ii) Identifying and evaluating individuals qualified for nomination to the Board; and
 - (iii) Reviewing the composition of the Board and its committees.

B. Composition

1. The Committee shall be appointed by the Board annually and shall be comprised of a minimum of three directors. If an appointment of the members of the Committee is not made as prescribed, the members shall continue as such until their successors are appointed. The Chair of the Committee may be designated by the Board or, if it does not do so, elected by a simple majority of the members of the Committee.
2. At least a majority of the members of the Committee (including the Chair) shall be directors whom the Board has determined are independent, taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges. Notwithstanding the foregoing, it may be appropriate to include the CEO of KDI on the Committee.

C. Meetings

1. The time and place of the meetings of the Committee, the calling of meetings and the procedure in all things at such meetings shall be determined by the Chair of the Committee.
2. The Committee shall hold regular *in-camera* sessions during which the members of the Committee shall meet in the absence of management.

D. Committee Responsibilities

The Committee’s responsibilities shall include:

1. Corporate Governance Oversight

- (i) Reviewing and assessing KDI's corporate governance policies and practices and conducting an annual review of KDI's Corporate Governance Guidelines;
- (ii) Reviewing and approving the annual disclosure of KDI's corporate governance practices in compliance with the requirements of the Canadian Securities Administrators, the New York Stock Exchange and other applicable regulatory authorities;
- (iii) Reviewing and approving any significant amendments to KDI's Communications Policy;

2. Board of Directors Oversight

- (i) Developing criteria for selection of directors and procedures to identify possible nominees;
- (ii) Reviewing and assessing qualifications of board nominees including potential conflicts of interest;
- (iii) Determining if any board member's qualifications or credentials since appointment have changed, or if other circumstances have arisen, so as to warrant a recommendation that such member resign;
- (iv) Recommending to the Board nominees to fill vacancies on the Board;
- (v) Making recommendations to the Board from time to time as to changes in the size of the Board;
- (vi) Making recommendations to the Board as to the composition of the committees of the Board (including this Committee);
- (vii) Reviewing and recommending to the Board mandates for committees of the Board; and
- (viii) Reviewing KDI's orientation and education programs with respect to new directors;

3. General Oversight

- (i) Reporting regularly to the Board;
- (ii) Reviewing and assessing its mandate and recommending to the Board any proposed changes on an annual basis;
- (iii) Evaluating the functioning of the Committee on an annual basis;
- (iv) And reviewing on a regular basis the list of the boards and the committees of the boards of public companies or any actual or potential competitor, business partner or significant investor on which the directors of KDI serve in order to ensure that such service is consistent with KDI's conflict of interest standards as set out in KDI's Business Conduct Policy;
- (v) In making its recommendations for nominees to the Board, the Committee shall consider the current composition of the Board and shall assess the ability of candidates to contribute to effective oversight of the management of KDI, taking into account the needs of KDI and the individual's background, experience, perspective, skills and knowledge that are appropriate and beneficial to KDI.

E. Responsibilities of the Committee Chair

1. The Committee Chair is responsible for the management and effective performance of the Committee and for providing leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's responsibilities shall include:
 - (i) Working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of Committee meetings and the agendas for meetings;
 - (ii) Providing leadership to the Committee and presiding over Committee meetings;
 - (iii) Facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
 - (iv) Reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;
 - (v) Leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
 - (vi) Taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

F. Powers

1. The Committee shall have the authority to obtain advice and assistance from outside professional, legal or other advisors. The Committee may, at its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.