

NEWS RELEASE

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Shares Issued and Outstanding: 50,867,933

TSX-V: KDI

Kennedy Announces Faraday Diamond Valuation Results

Collective average price of US\$109 per carat

7.78 carat gem from F3 valued at US\$2,967 per carat

Toronto, Ontario: August 8, 2017 – Kennedy Diamonds Inc. (“Kennedy Diamonds”, the “Company”) (TSX-V: KDI) is pleased to announce the valuation results for diamonds recovered from the Faraday kimberlites at the 100 percent-controlled Kennedy North project located in Canada’s Northwest Territories. A total of 1,259.16 carats (+0.85mm) recovered from the 2017 bulk sampling program was sent to WWW International Diamond Consultants (“WWW”) in Antwerp for valuation. WWW has reported a collective average value of US\$109 per carat for the entire parcel. In particular a population of high value white gem quality stones was noted in all three of the Faraday bodies, including a 7.78 carat sawable diamond recovered from Faraday 3 valued at US\$2,967 per carat. Summary results are presented in Table 1 below.

Table 1: Summary of the Faraday Diamond Valuations (0.85 mm bottom cutoff)

Zone	Parcel Size (carats) ¹	Parcel Value ² (US\$)	Average Price ² (US\$/carat)
Faraday 1	76.04	\$10,974	\$144
Faraday 2	726.47	\$54,124	\$75
Faraday 3	456.65	\$72,738	\$159
TOTAL³	1,259.16	\$137,835	\$109

Notes: 1 – Only diamonds greater than +1 DTC sieve size are reported. 2 – Based on WWW price book as at July 31, 2017. 3 – Some rounding error may occur in the values reported.

President and CEO of Kennedy Diamonds, Dr. Rory Moore commented: “We are delighted with the results of the Faraday bulk sampling program. Our previously reported grades that range between 1.67 and 2.91 carats per tonne for the three Faraday kimberlites, combined with these valuations, provide a strong foundation on which to build a high-value resource at the Faradays. It is also gratifying to see strong prices for larger white gems represented in the parcel, as evidenced by the \$2,967 per carat value assigned to the 7.78 carat gem recovered from Faraday 3.”

The five highest value diamonds on a dollar per carat basis from the Faraday bulk samples include:

1. 7.78 carat sawable octahedron from Faraday 3 valued at US\$2,967 per carat
2. 4.02 carat sawable octahedron from Faraday 3 valued at US\$2,526 per carat
3. 3.08 carat sawable octahedron from Faraday 3 valued at US\$1,966 per carat
4. 4.72 carat sawable octahedron from Faraday 2 valued at US\$1,667 per carat
5. 2.37 carat sawable diamond from Faraday 2 valued at US\$1,502 per carat

Images of select diamonds are available on the Company's website at www.kennadydiamonds.com.

The valuation results for Faraday 2 and 3 consist of two sub-parcels from each body. The sub-parcels represent broadly-defined geological divisions that may have importance as the bodies are advanced to resource status. WWW determined market values of US\$60 and US\$83 per carat for the Faraday 2 sub-parcels that were 456.76 carats and 269.71 carats respectively, and US\$184 and US\$124 per carat for two Faraday 3 parcels of 268.45 and 188.20 carats respectively. The relevance of these geological divisions will be assessed as the Company advances the Faraday bodies.

Based on sample weight and diamond size frequency distributions, modeled values were produced for the five individual samples and then for each of the three kimberlites. For the Faraday 2 kimberlite, WWW recommends using a modelled average price of \$73 per carat with a 'low' value of \$56 per carat and a 'high' value of \$100 per carat. For the Faraday 3 kimberlite, WWW recommends using a modelled average price of \$87 per carat with a 'low' value of \$65 per carat and a 'high' value of \$125 per carat, while for the Faraday 1 kimberlite, WWW recommends using a modeled average price of \$164 per carat with a 'low' value of \$108 per carat and a 'high' value of \$267 per carat. In their report, WWW noted: "Given the combined sample weight of only 1,259 carats, with the largest sample of just 457 carats and the smallest of 76 carats, there is a high degree of uncertainty in the models."

The results of the Faraday bulk sample valuation, combined with grade and modeling results, will be used to prepare an independent NI 43-101 resource statement for the Faraday kimberlites that is expected to be released before the end of the current quarter.

Dr. Moore concluded: "It is gratifying to see a notably higher proportion of white gems together with a coarser size distribution of Faraday diamonds relative to Kelvin, which translates into significantly higher average diamond prices. These results represent a major step forward for Kennady towards its goal of defining an economic diamond deposit on the Kennady North Project."

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 achieved 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.

Qualified Persons

This news release has been prepared by Dr. Rory Moore, P.Ge., 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.

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.

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