

NEWS RELEASE

May 17, 2017

Shares Issued and Outstanding: 50,802,933

TSX-V: KDI

Kennady Diamonds Closes \$12M Private Placement

Vancouver, B.C., May 17, 2017 – Kennady Diamonds Inc. (“Kennady Diamonds”, the “Company”) (TSX-V: KDI) today announced the closing of the previously announced non-brokered private placement of flow-through and non flow-through common shares, for aggregate gross proceeds of \$12,035,422.93 (the “Offering”).

The Company has issued 1,538,461 flow-through common shares at a price of \$4.38 per share and 1,629,835 non flow-through common shares at a price of \$3.25 per share. The shares are subject to a four month hold period, expiring September 18, 2017.

Proceeds of the Offering will be used in part to fund the Company’s 2017 exploration and evaluation program on the Kennady North Project, and for general corporate purposes.

Finders’ fees in the aggregate amount of \$172,230, and an advisory fee in the amount of \$135,000, were paid on a portion of the offering.

In connection with the Offering, the Company issued 615,385 non flow-through common shares to Bottin (International) Investments Ltd., a related party to the Company. The Company has determined that exemptions from the various requirements of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 (“MI 61-101”) are available for the issuance of the common shares to Bottin. The Company relied on Section 5.5(c) of MI 61-101 for an exemption from the formal valuation requirement on the basis that the transaction is a distribution of securities for cash, and Section 5.7(b) of MI 61-101 for an exemption from the minority approval requirement as the fair market value of the transaction is not more than \$2,500,000. The Company did file a material change report disclosing the related party transaction on May 1, 2017, less than 21 days in advance of the closing of the Offering. The Company considers the shorter period reasonable and necessary in the circumstances as the Company needs the proceeds of the private placement for its ongoing operations.

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.

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.

FORWARD LOOKING INFORMATION

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:

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