Strategic acquisition along the highly prospective Kelvin-Faraday Corridor

Shares Issued and Outstanding: 47,156,970
TSX-V: KDI

VANCOUVER, Aug. 18, 2016 /CNW/ - Kennady Diamonds Inc. ("Kennady", the "Company") (TSX-V: KDI) is pleased to announce the acquisition of six mining leases from GGL Resources Corp. ("GGL"; TSX-V: GGL). The leases adjoin the southern border of the Gahcho Kué Mine and portions are within the structural corridor along which the Gahcho Kué, Kelvin and Faraday kimberlites have been emplaced (the Kelvin–Faraday Corridor). The new leases comprise roughly 4,233 hectares, bringing the total land position for the Kennady North Project to over 71,000 hectares. Maps showing the new land position can be seen on the Company's website under Media Links.

President & CEO of Kennady Diamonds, Dr. Rory Moore said, "We are delighted with this acquisition. It is a natural extension to our portfolio and strengthens our land position within the Kelvin-Faraday Corridor. Although our primary focus will remain the Kennady North area, we look forward to testing kimberlite targets within the new leases, beginning with an in-depth review of the historical data."

The six mining leases in the Kennady Lake area are located approximately 270 kilometers east-northeast of Yellowknife, Northwest Territories. They are adjacent to eleven mining leases acquired from GGL in 2013 that included the diamondiferous Doyle Lake kimberlite. Of particular interest on the new leases is the 'Blob Lake' target, located in an unnamed lake five kilometers southwest of the Gahcho Kué Mine. The anomaly is defined by indicator mineral and geochemical studies conducted by GGL in 2007 and lies exactly within the Faraday–Kelvin Corridor, making it a highly attractive target.

In consideration for the purchase, Kennady paid to GGL a cash sum of $200,000 and GGL retains a 0.75% royalty interest (the "Royalty") on all mineral products produced from the property. Kennady Diamonds has the right at any time prior to commencement of production from the property to purchase one-third (1/3) of the Royalty, being 0.25%, for the sum of $1,000,000.

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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 immediately adjacent to the Gahcho Kué diamond mine currently under development by De Beers and Mountain Province Diamonds (T: MPV, NASDAQ: MDM).

Kennady Diamonds aims to identify a resource along the Kelvin–Faraday Corridor of between 13 million and 16 million tonnes at a grade of between 2 and 2.5 carats per tonne and also to identify new kimberlites outside the corridor. The Kelvin–Faraday Corridor is a target for further exploration. Tonnage estimates are based on the drilling completed to date. Potential quantities are conceptual in nature as there has been insufficient drilling to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

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Qualified Person
This news release has been prepared under the supervision of 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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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 of 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.

SOURCE Kennady Diamonds Inc.

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