Kimberlite intercept exceeding 76 meters at Faraday 2

Delineation hole on Kelvin hits 114 m of kimberlite

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TORONTO, Oct. 19, 2016 /CNW/ - Kennady Diamonds Inc. ("Kennady Diamonds", the "Company") (TSX-V: KDI) is pleased to announce that the summer drilling program on the Kennady North Project has been successfully completed. Highlights of the drilling since the last update are as follows: -

- Faraday 2 – the three best holes had kimberlite intercepts of 76.9 m; 50.3 m and 38.0 m.
- Faraday 3 - the three best holes had kimberlite intercepts of 18.3 m; 16.5 m and 13.3 m.
- Kelvin – a final delineation hole with a kimberlite intercept of 114.2 m.

President and CEO of Kennady Diamonds, Dr. Rory Moore commented: "We are pleased with the exceptional outcome of our summer drilling program. We have successfully tracked the Faraday 1 - 3 and Faraday 2 bodies from under Faraday Lake well onto the shore, and thereby continue to build potentially economic resource tonnes on the Kennady North Project. Excluding three holes that were abandoned due to technical issues, twenty-nine of the thirty holes completed during the program hit kimberlite, representing a 97% success rate. This is a great achievement for our exploration team." Dr. Moore added, "The success of the drilling led us to add an additional 1,000 m onto the planned 8,500 m drill program. In particular, a series of longer kimberlite intercepts on Faraday 2 in the latter stages of the program have provided an indication that the kimberlite body may be expanding as it turns towards the North, along the lines of what was observed when delineating Kelvin. Not enough drilling could be completed ahead of the advancing winter to resolve the geometry in detail, but this will provide an exciting target for future drilling programs."

The most recent drill results for the Faraday 2, Faraday 1 - 3 and Kelvin bodies are summarized in Tables 1 to 3 below.

Table 1: 2016 Summer Drill Program – Latest Results for Faraday 2

Drill Hole	Target	Azimuth	Inclination	Kimberlite Intercepts (m)			End of Hole (m)
				From	To	Intercept*	
KDI-16-041a	Faraday 2	359	-55	265.35	290.44	25.09	328
KDI-16-042a	Faraday 2	002	-57	258.28	259.28	1.00	334
				276.79	301.09**	18.74	334
KDI-16-043a	Faraday 2	183	-89	183.75	238.28**	50.32	280
KDI-16-043b	Faraday 2	284	-80	217.85	221.10	3.25	340
				240.35	250.00**	5.05	340
KDI-16-045a	Faraday 2	359	-56	239.13	317.66**	76.93	349
KDI-16-050	Faraday 2	250	-90	212.47	235.00***	22.53	235
KDI-16-051	Faraday 2	227	-89	209.73	247.68	37.95	280
KDI-16-052	Faraday 2	235	-59	252.77	285.66	32.89	330
				300.65	304.5**	0.72	330

*Intercepts not true widths. ** Includes minor country rock intercepts. *** Lost hole due to drilling problems

Table 2: 2016 Summer Drill Program – Latest Results for Faraday 1 - 3

Drill Hole	Target	Azimuth	Inclination	Kimberlite Intercepts (m)			End of Hole (m)
				From	To	Intercept*	
KDI-16-040a	Faraday 1-3	339	-90	213.76	233.36**	18.34	271
				250.08	250.47	0.39	271
KDI-16-040b	Faraday 1-3	232	-80	235.32	252.91**	16.49	292
				258.45	260.89	2.44	292
KDI-16-040d	Faraday 1-3	047	-78	192.78	206.03	13.25	247
				229.24	229.50	0.26	247
KDI-16-040f	Faraday 1-3	047	-72	202.07	212.09**	7.64	253
				229.68	229.89	0.21	253
KDI-16-044a	Faraday 1-3	050	-60	268.07	273.23**	3.86	330
				295.26	298.06**	0.77	330

*Intercepts not true widths. ** Includes minor country rock intercepts.

Table 3: 2016 Summer Drill Program – Latest Results for Kelvin

Drill Hole	Target	Azimuth	Inclination	Kimberlite Intercepts (m)			End of Hole (m)
				From	To	Intercept*	
KDI-16-047	Kelvin	267	-57	282.10	310.79	28.69	344
KDI-16-049	Kelvin	257	-56	293.00	416.34**	114.16	428

*Intercepts not true widths. ** Includes minor country rock intercepts.

A total of 9,561 meters of exploration and delineation drilling was completed during the summer program using two helicopter portable core drill rigs from land-based setups. One rig primarily focused on the Faraday 1 - 3 kimberlite complex, and the second rig was focused on Faraday 2. Towards the end of the program, two infill delineation drill holes were completed on the Kelvin kimberlite in order to refine the kimberlite pipe shell in two specific areas of the Kelvin geological model. All of the goals of the program were successfully achieved.

Detailed logging and petrographic studies of the kimberlite core will be undertaken, and representative intervals are being prepared for microdiamond analysis by caustic fusion processing. Results will be used to construct 3-dimensional geological models for the Faraday bodies and for planning the next steps for advancing the economic potential of the Faraday kimberlite complex.

The Company is also pleased to provide an update on the valuation process for the 1,278 carats of diamonds recovered from 612 tonne 2016 Kelvin bulk sample (see news release from May 31, 2016 and September 19, 2016). WWW International Diamond Consultants have completed the first phase of the independent diamond valuation process in Antwerp, Belgium and are now developing size frequency distribution and revenue models. WWW are expected to release results before month end.

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 being operated by De Beers and Mountain Province Diamonds.

Kennady Diamonds aims to identify a resource along the Kelvin – Faraday kimberlite 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 of the corridor. The Kelvin – Faraday corridor is a target for further exploration. Tonnage estimates are based on the drilling completed to date. The potential quantity is 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.

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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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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