Winter Exploration and Bulk Sampling Begins at Faraday

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

TORONTO, Jan. 17, 2017 /CNW/ - Kennady Diamonds Inc. ("Kennady", the "Company") (TSX-V: KDI) is pleased to announce diamond recovery results from the Faraday 3 kimberlite at the Company's 100 percent-controlled Kennady North project. A total of 3.03 tonnes of kimberlite recovered by core drilling at Faraday 3 in 2016 was processed by caustic fusion at the Geoanalytical Laboratories Diamond Services of the Saskatchewan Research Council ("SRC") to return a sample grade of 2.18 carats per tonne.

Kennady Diamonds President and CEO Dr. Rory Moore noted: "Our first diamond results for Faraday 3 since its discovery in March 2016 confirm its high-grade, similar to our other kimberlites within the Kelvin-Faraday Corridor. Significant progress was made delineating and sampling the Faraday 3 kimberlite during 2016, defining its strike over 375 meters with the pipe still open to the northwest. We expect further positive results from Faraday 3 as our winter sampling program begins."

Table 1 below summarizes the caustic fusion diamond recovery results for the Faraday 3 kimberlite from 2016 drilling.

Table 1 – 2016 Faraday 3 Diamond Recovery Results

Sample Weight(dry tonnes)	Number and Weight of Diamonds According to Sieve Size Fraction (mm)						
	+0.106 -0.150	+0.150 -0.212	+0.212 -0.300	+0.300 -0.425	+0.425 -0.600	+0.600 -0.850	+0.850 -1.180
3.0289	2,406	1,631	925	559	294	154	80

*Sample grade of diamonds greater than 0.85mm: 2.18 carats per tonne.

The three largest diamonds recovered from the Faraday 3 sample are described as follows:

- 0.95 carat white/colourless, transparent tetrahexahedron with no inclusions;
- 0.51 carat off-white, transparent macle with minor inclusions;
- 0.28 carat off-white, transparent broken resorbed octahedron with no inclusions.

Winter Bulk Sampling Program

Kennady Diamonds is also pleased to announce that the Kelvin Camp opened on January 3, 2017, for the start of the 2017 exploration and evaluation programs. Construction of the ice infrastructure is almost complete and includes the Faraday ice road, an ice runway and ice pads for the large diameter reverse circulation drilling. Drill crews mobilized into Kelvin Camp yesterday and drilling is expected to commence by the end of the week. The aim of the program is to recover approximately 250 tonnes from each of Faraday 2 and 3. This will advance both kimberlites towards an inferred mineral resource, and to obtain a small (~20 tonne) representative sample from Faraday 1 to correlate the diamond grade and quality potential with Faraday 3. The bulk sampling program is expected to be completed in early Q2 of 2017.

A geophysical program has also been designed to evaluate exploration targets on new mineral leases recently acquired from GGL Diamonds (see news release, August 18, 2016). Additional exploration drilling will be considered upon the successful completion of the bulk sampling program.

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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. Kennady North is immediately to the north and west of the Gahcho Kué Diamond Mine, a joint venture between De Beers Canada (51%) and Mountain Province (49%), which started production in late 2016.

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.

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Qualified Persons

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

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.

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