Bulk Sample Drilling Underway on Faraday 2

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

TORONTO, Jan. 23, 2017 /CNW/ - Kennady Diamonds Inc. ("Kennady", the "Company") (TSX-V: KDI) is pleased to announce diamond recovery results from the Faraday 1 and 2 kimberlites at the Company's 100 percent-controlled Kennady North project. The samples were recovered by core drilling during 2016 and processed by caustic fusion at the Geoanalytical Laboratories Diamond Services of the Saskatchewan Research Council ("SRC").

Kennady Diamonds President and CEO Dr. Rory Moore noted: "We are very pleased with the consistently high diamond recoveries emerging from the Faraday kimberlites. The sample grades of 3.14 carats per tonne for Faraday 1 and 3.22 carats per tonne for Faraday 2 build on our previous results reported in 2016, and provide further confidence for a positive outcome to the 2017 winter bulk sampling of these kimberlites."

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

Table 1 – 2016 Faraday 1 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	+1.180 -1.700	+
0.8615	1,139	708	374	255	130	86	39	23	7

*Sample grade of diamonds greater than 0.85mm: 3.14 carats per tonne.

The three largest diamonds recovered from the Faraday 1 sample are described as follows:

- 0.44 carat off white transparent aggregate with inclusions;
- 0.42 carat brown transparent resorbed octahedron with no inclusions;
- 0.28 carat brown transparent fragment with inclusions;

Table 2 below summarizes the caustic fusion diamond recovery results for the Faraday 2 kimberlite from 2016 drilling.

Table 2 – 2016 Faraday 2 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	+1.180 -1.700	+
0.4249	683	482	302	158	83	46	26	17	6

*Sample grade of diamonds greater than 0.85mm: 3.22 carats per tonne.

The three largest diamonds recovered from the Faraday 2 sample are described as follows:

- 0.11 carat brown translucent fragment with inclusions;
- 0.11 carat off white transparent aggregate with minor inclusions;
- 0.10 carat brown, transparent dodecahedron with inclusions.

Dr. Moore concluded, "Considering the relatively small size of the sample from Faraday 1, it is encouraging that two diamonds weighing just under half a carat each were recovered. It is also worth noting that the largest stones recovered from the Faraday 2 sample are consistent with expectations based on sample size."

Winter Bulk Sampling Program
Kennady Diamonds is also pleased to announce that large diameter reverse circulation drilling commenced on Friday last week, and the first drill hole on Faraday 2 has been successfully completed. The aim of the program is to recover approximately 250

tonnes from each of Faraday 2 and 3, and to obtain a small (~20 tonne) representative sample from Faraday 1. This will advance the Faraday 2 and 3 kimberlites towards an inferred mineral resource, and provide diamond grade and quality potential data from Faraday 1 for correlation with Faraday 3 results. The program is expected to be completed in early Q2 of 2017.

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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 located immediately to the north and west of the Gahcho Kué Diamond Mine, 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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