Maiden Inferred Mineral Resource of 5.02 Million Carats for the Faraday kimberlites

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3.27 million tonnes at 1.54 carats per tonne and US$98 per carat

TORONTO, Oct. 3, 2017 - Kennady Diamonds Inc. ("Kennady", the "Company") (TSX-V: KDI) is pleased to announce the completion of a maiden Mineral Resource estimate for the Faraday kimberlites located at the Company's 100 percent owned Kennady North Project, NWT, Canada. An Inferred Mineral Resource of 5.02 million carats of diamonds is contained in 3.27 million tonnes of kimberlite, with an overall grade of 1.54 carats per tonne and an average value of US$98 per carat. The resource has been calculated with a 1mm diamond bottom cutoff size, which is considered a reasonable cutoff for a commercial mining scenario. The resource was determined through the collective efforts of Aurora Geosciences Ltd., Mineral Services Canada Inc., and SRK Consulting Inc., who were engaged by the Company to participate in the exercise.

President and CEO of Kennady Diamonds Dr. Rory Moore stated: "The 5-million carat Faraday Inferred Resource builds upon our Kelvin Indicated Resource of 13.62 million carats, and represents another significant step in the advancement of our Kennady North Project. Continued upside potential exists for the Faraday Resource from the additional strike added to Faraday 2 during our successful summer 2017 program, which is not included in the current resource estimate. This additional tonnage, together with that from Faraday 1 and the high-grade sheets associated with the Faraday 1-3 Complex have potential to materially increase the overall Faraday resource, particularly in view of the robust modelled diamond values obtained for the small sample of Faraday 1 of US$108, US$164 and $267 per carat for the 'low', 'base case' and 'high' values respectively."

Faraday Inferred Mineral Resource

The Faraday kimberlites are located approximately 2.5 km to the north-east of the Kelvin kimberlite on the Kennady North Project. Originally defined as three individual pipes, drilling completed in the summer of 2017 has demonstrated that Faraday 1 and 3 are joined at depth and are now considered to be one body. Additional kimberlite sheets, some with significant thicknesses and high diamond grades, are also associated with the Faraday pipes.

Evaluation of the Faraday bodies has progressed to the point where a Mineral Resource can be declared for Faraday 2 and the Faraday 3 component of the Faraday 1-3 complex. The available data do not permit declaration of Mineral Resources for the Faraday 1 component of the Faraday 1-3 complex or for the additional sheets surrounding the pipes. These bodies are classified as Target for Further Exploration (TFFE) as explained below.

The Faraday Mineral Resource estimate is based on four main components:

- A geological model that defines the boundaries of the deposit (external pipe shell) as well as the geologically distinct domains of which it is comprised;
- Estimates of average bulk density for each domain which, in combination with volumes derived from the geological model, provide estimates of the tonnes of kimberlite present;
- Estimates of average grade (carats per tonne) for each domain based on LDD grades corrected for recovery efficiency in a commercial-style process plant; and
- Estimates of the average value of diamonds within each domain.

Geological models are based on data acquired up to the end of the Winter 2017 bulk sampling program and do not include the 2017 summer drilling results as the core recovered in this program is still being logged in Yellowknife.

The database that was used to evaluate the Faraday kimberlites included 34,511 meters of core drilling from 188 holes, microdiamond samples totaling 9.95 tonnes, and a total of 594.8 tonnes acquired by large (13") diameter reverse circulation drilling. The bulk sampling recovered 1,259.2 carats (+1 DTC sieve class) of diamonds for valuation. The bulk sample mass differs slightly from the masses reported in news releases of

May 23, 2017 and June 19, 2017 due to refinements to the bulk density models on which the mass calculations are partly based.

Mineral Services Canada Inc. provided guidance on the evaluation program at Faraday and recently completed a comprehensive review of geological, microdiamond, bulk sampling, and valuation results in order to estimate an Inferred Mineral Resource for the Faraday kimberlites, as provided in Table 1.

Table 1: Inferred Mineral Resource Estimate for the Faraday Kimberlites

Kimberlite	Tonnes[1] (million tonnes)	Grade[2] (carats per tonne)	Carats (million carats)	Value[3] (US $/carat)
Faraday 2	1.39	2.24	3.13	112
Faraday 3	1.87	1.01	1.90	75
Total Inferred	3.27	1.54	5.02	98

Notes: 1 - The estimates encompass the entire bodies as defined by the current geological models, extending from the base of overburden (~390 masl) in the south-east to similar depths of approximately 160 masl.; 2 - grades are expressed as recoverable diamonds above 1 mm bottom cut-off.; 3 - base average value is derived by applying a base case value distribution model (as determined by WWW during the valuation of Faraday diamonds reported in News Release dated 8 August 2017) to models of recoverable (+1 mm) diamond size frequency distribution for each geological domain". Some rounding error may occur in the values reported.

The NI 43-101 Standards and Canadian Institute of Mining and Metallurgy guidelines for Mineral Resources and Mineral Reserves stipulate that a Mineral Resource needs to have a "reasonable prospect of economic extraction of the specified ore". Mineral Services concluded that the Faraday kimberlites have reasonable prospects for eventual economic extraction by virtue of their close proximity and similar overall diamond grade and value to Kelvin, for which such prospects have recently been demonstrated (see News Release of December 12, 2016). Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Faraday Target for Further Exploration (TFFE)
The volume, tonnes, grade and average diamond value for the Faraday 1 kimberlite and for two minor domains of Faraday 2 are not sufficiently well constrained by available data to define Mineral Resources. These deposits are defined as Target for Further Exploration (TFFE) and estimates of the potential ranges of volume, tonnes and grade (where possible) contained within these bodies are provided in Table 2 below.

Table 2: Target for Further Exploration Estimates within Faraday 1 and Faraday 2

Kimberlite	Volume (Mm^3)		Tonnes (Mt)		Grade (+1mm cpt)	
	Low	High	Low	High	Low	High
Faraday 1	0.2	0.50	0.6	1.2	1.5	3.7
Faraday 2	0.01	0.02	0.01	0.04	--	--

Mm^3 = million cubic metres, Mt = million tonnes, cpt = recoverable (+1 mm) carats per tonne, Mct = million carats

The estimate of TFFE is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if future exploration will result in the estimate being delineated as a Mineral Resource.

President and CEO of Kennady Diamonds Dr. Rory Moore further commented: "We are pleased to see that the consistency of grade seen at Kelvin continues to hold true for the Faradays while the stone value is increasing. The results to date indicate a strong positive upside for the project, supported in part by the

recovery of large gem-quality stones in this most recent exercise. It is important to note that the inferred resource is based on modelled diamond values that are derived by statistical procedures that reduce the value impact of high value stones recovered in small bulk samples. Consequently, the modelled values have substantially more upside than downside potential. The 7.78 carat gem diamond from Faraday 3 has proven that larger stones exist in these kimberlites, and we would expect to recover more such stones in larger samples." Dr. Moore went on to conclude, "Based on these results we are planning our winter program with intent to further expand the resource potential of the project. In addition to further delineating the Faraday kimberlites, we intend to drill test a selection of the best untested geophysical targets within the Kelvin-Faraday corridor with the aim of discovering new high-potential kimberlites."

Kennady will be filing an updated National Instrument (NI) 43-101 Technical Report covering the Kelvin Indicated Resource and Faraday Inferred Resource within 45 days of this news release.

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 declared commercial production in March 2017. Kennady is focused on expanding its high-grade diamond resources along the Kelvin – Faraday kimberlite corridor, as well as 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 and an inferred resource of 5.02 million carats contained in 3.27 million tonnes of kimberlite, with a grade of 1.54 carats per tonne and an average value of US$98 per carat has been defined for the Faraday kimberlites using a 1mm diamond bottom cutoff size. The Kelvin – Faraday corridor is also a target for further exploration.

Qualified Persons

This news release has been prepared by Dr. Rory Moore, P.Geo., President and CEO of Kennady Diamonds. The Inferred Mineral Resource estimate for the Faraday kimberlites was prepared by Mineral Services Canada Inc. under the supervision of Dr. Tom Nowicki. Dr. Nowicki is a Professional Geologist and an independent, external Qualified Person to Kennady Diamonds under National Instrument 43-101. Dr. Nowicki has reviewed this release and approved of its contents. 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.

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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Shares Issued and Outstanding: 50,912,599
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