

Sample grade 2.69 carats per tonne
Largest diamonds recovered: 1.90 carats, 1.73 carats, 1.52 carats

Shares Issued and Outstanding: 47,121,970
TSX-V: KDI

TORONTO, July 25, 2016 /CNW/ - [Kennady Diamonds Inc.](#) ("Kennady Diamonds", the "Company") (TSX-V: KDI) is pleased to announce the diamond recovery results from the 2016 Faraday 2 mini-bulk sample. The 21.1 tonne sample was recovered from two large diameter reverse-circulation drillholes and was processed by dense media separation ('DMS') at the Geoanalytical Laboratories Diamond Services of the Saskatchewan Research Council ('SRC'), which is accredited to the ISO/IEC 17025 standard by the Standards Council of Canada as a testing laboratory for diamond analysis.

Kennady Diamonds President and CEO, Dr. Rory Moore noted: "We are very pleased with the result from this mini-bulk sample, which is in line with our expectations from microdiamond test work. While the recovered parcel is not sufficient to obtain a statistically reliable valuation, the results confirm that the Faraday 2 kimberlite has the potential to host a high grade diamond resource."

The large-diameter reverse circulation drill cuttings were screened during drilling at a 0.85mm square-mesh sieve screen cut-off. The DMS processing facility at SRC operated with a secondary cone crush set at 10mm and a re-crush high pressure grinding roll ('HPGR') set at 4 mm. The X-ray sorting and grease table circuits were not employed for Faraday 2 due to a high number of background minerals that are luminescent to x-rays. The DMS concentrates were instead further reduced by caustic fusion methods with diamonds in the final concentrates removed by hand sorting. Twenty natural diamond spikes ranging from 0.14 to 2.84 carats were used in the DMS test and all were recovered. Mr. Howard Coopersmith is Kennady's Independent Qualified Person for the DMS processing and diamond recovery of Faraday 2 and oversaw all relevant aspects of the sample treatment.

Preliminary core logging and geological modeling for Faraday 2 has identified four kimberlite units (KIMB1-KIMB4), with KIMB1 as volumetrically dominant. The present mini-bulk sample results are a small sampling of these lithologies and because of the small sample size, sample grades for the units could not be individually determined. Table 1 below summarizes the diamond recovery results from the 2016 Faraday 2 mini-bulk sample.

Table 1 – Diamond recovery results from the winter 2016 Faraday 2 mini-bulk sample.

Kimberlite Lithology	Sample ¹ Weight (dry tonnes)	Number of Diamonds per Square Mesh Sieve Division (mm)						Total Stones (+0.85mm)
		+0.850	+1.180	+1.700	+2.360	+3.350	+4.750	
		-1.180	-1.700	-2.360	-3.350	-4.750	-6.700	
KIMB1+2+3	16.7	245	328	117	48	12	1	751
KIMB4	4.40	20	54	20	6	4	0	104
Total ²	21.1	266	383	137	54	16	1	857

Notes: 1 – Sample weight is calculated from drillhole diameter and kimberlite density measurements. 2 – includes one +1.18mm and one +0.85mm stone from the DMS circuit cleanup totaling 0.04 carats. Rounding error may occur in the total carats and sample grade.

*Sample grade of diamonds greater than 0.85mm: 2.69 carats per tonne.

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

- 1.90 carat grey transparent aggregate with inclusions;
- 1.73 carat light brown, transparent broken aggregate with inclusions; and
- 1.52 carat grey transparent aggregate with inclusions.

Images of these and other diamonds from the Faraday 2 mini-bulk sample are available for viewing on the Company's website under Media Links.

Dr. Moore concluded: "The positive result achieved from this mini-bulk sample gives us the confidence to aggressively pursue

building high-grade resource tonnage on the Faraday bodies in order to add to the Kelvin resource that is currently being defined. The summer program will focus on further exploring and delineating the Faraday bodies as they extend from Faraday Lake onto the shore."

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 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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