

Drilling Underway on the Faraday Kimberlites
Processing of the Kelvin Bulk Sample 40% Complete

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

TORONTO, Aug. 2, 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 is underway. Two diamond core drill rigs are conducting exploration and delineation drilling on the Faraday kimberlite bodies from land-based setups. One drill rig is drilling on the Faraday 1-Faraday 3 kimberlite complex, and the second is drilling on Faraday 2. Kimberlite has been intersected in the first two drill holes at Faraday 3 and the first drill hole on Faraday 2 is currently nearing the target zone. Core logging is underway and results will be reported at regular intervals throughout the program.

The President and CEO of Kennady Diamonds, Dr. Rory Moore commented: "The focus of our summer program is to define the extension of the Faraday bodies to the northwest as they extend from beneath Faraday Lake toward the shore. We established in the last few drill holes of the winter drilling program that the Faraday 1 and 3 kimberlites merge at depth, and we are excited to determine whether the Faraday bodies have north-limb extensions similar to that defined at Kelvin. The systematic drilling planned for the summer will ultimately determine the size and shape of these bodies."

Kelvin Bulk Sample Processing

Processing of the 620-tonne Kelvin bulk sample through the dense media separation plant is also well underway. Approximately 40% of the bulk sample recovered during the 2016 winter program has been successfully processed at the Geoanalytical Laboratories Diamond Services of the Saskatchewan Research Council ("SRC"), with final grade results expected within the next four to six weeks. The Kelvin sample includes roughly 580 tonnes from Kelvin North limb and 40 tonnes from the Kelvin South limb. It is anticipated that diamonds totaling more than 1,200 carats will be recovered from the Kelvin sample. Valuation of the diamond parcel, which will be used for revenue modeling of the Kelvin North Lobe, is expected to be completed before the end of Q3 2016.

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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