Kennady Diamonds Inc. Files NI 43-101 Faraday Resource Report on SEDAR

20.11.2017 | CNW

- Inferred Mineral Resource of 5.02 Million Carats
- 3.27 million tonnes at 1.54 carats per tonne and US$98 per carat

TORONTO, Nov. 20, 2017 - Kennady Diamonds Inc. ("Kennady", the "Company") (TSX-V: KDI) is pleased to announce the filing on Sedar of a National Instrument ("NI") 43-101 technical report titled "Project Exploration Update and Faraday Inferred Mineral Resource Estimate, Kennady North Project, Northwest Territories, Canada" dated effective November 16, 2017 (the "Technical Report"). The Technical Report describes the maiden Inferred Mineral Resource of 5.02 million carats for the Faraday kimberlites announced in the Company news release dated October 3, 2017. The report also provides an overview of exploration work completed on the Kennady North Project to date, as well as a summary of the Indicated Mineral Resource of 13.62 million carats of diamonds for the Kelvin kimberlite that was the subject of previous Technical Report published on January 24, 2017.

President and CEO of Kennady Diamonds Dr. Rory Moore stated: "I congratulate our technical team and the authors of the report, Mr. Gary Vivian and Dr. Tom Nowicki for a job well done. The addition of the high-value Faraday resource to the existing Kelvin resource represents another significant milestone for Kennady towards its goal of growing the economic diamond resource on the Kennady North Project."

Faraday Inferred Mineral Resource

The Inferred Mineral Resource of 5.02 million carats of diamonds declared for the Faraday kimberlites 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.

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.

The Inferred Mineral Resource for the Faraday kimberlites is 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

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 subdomains 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	--	--

km3=cubic 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.

Neither the TFFE nor the Inferred Resource for Faraday 2 take into account the results from the summer 2017 drilling program, which extends the kimberlite to the north by 150 meters (see news release, September 11, 2017). An image summarizing the latest drilling for Faraday 2 can be viewed on the Company website at www.kennadydiamonds.com.

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%). 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.

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.

SOURCE Kennady Diamonds Inc.

Contact

Kennady Diamonds Inc.
Dr. Rory O. Moore, President and CEO
(416) 640-1111
investors@kennadydiamonds.com