



**TSX-V STAR
Market Release**

11 July 2017

**FIVE STAR DIAMONDS
LIMITED**

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TSXV: STAR

JAIBARAS DIAMOND PROJECT UPDATE

Toronto, ON - Five Star Diamonds Limited (TSXV: STAR) (the "Company" or "Five Star Diamonds") is very pleased to provide the following update on its 100% owned Jaibaras Diamond Project (the "Jaibaras Project" or "the Project") in Para State, Brazil.

Highlights

- **Construction of the 0.5tph bulk sampling plant at Jaibaras is nearing completion.**
- **Bulk sampling and processing of material from the J4 kimberlite pipe is planned to commence prior to the end of July. An initial sample of 20t is to be sampled from the clay weathered kimberlite at J4.**
- **On completion of bulk sampling at J4, the Company will process similar sized samples from the J1 and J2 kimberlite pipes. J3 & J5-J8 kimberlite pipes remain under assessment.**
- **The Company has two diamond core drilling rigs operating on the Jaibaras Diamond Project. Initial drilling results from the J1 and J2 kimberlite pipes are meeting the Company's expectations.**
- **A total of 20 diamond core drill holes have now been successfully completed on the J1 kimberlite pipe.**
- **Both drilling rigs are currently operating on the J2 kimberlite pipe and two holes have been completed.**

JAIBARAS DIAMOND PROJECT, PARA STATE

The Company is conducting an active bulk sampling and drilling programme at the Jaibaras Diamond Project. At this stage, the Company has two drilling rigs on site and is completing construction of the bulk sampling plant. A total of eight kimberlite pipes (J1-J8) have been identified and are under assessment and evaluation at Jaibaras. Previous mini bulk sampling of the J1 and J2 kimberlite pipes has already resulted in the recovery of gem quality macro diamonds from clay weathered kimberlite.

Construction of the 0.5tph bulk sampling plant is now nearing completion and will commence processing a 20t sample from the J4 kimberlite pipe. The bulk sampling plant is a 0.5tph mobile wash and jig concentrate sampling plant which recovers diamonds above 1.5 mm in size. As observed from recently completed programmes the kimberlite pipes at Jaibaras occur on or very close to surface which allows the Company to quickly test the diamondiferous quality of the pipes. Initial results from the bulk sampling programme should be available in the coming month.





Bulk Sampling plant construction nearing completion at Jaibaras

The 5tph Pilot Plant wash and rotary pan concentrate plant, used to complete the pilot programme at the Company's Catalao Diamond project, has been dismantled and is awaiting granting of the trial mining licence prior to mobilisation to the Jaibaras Project.

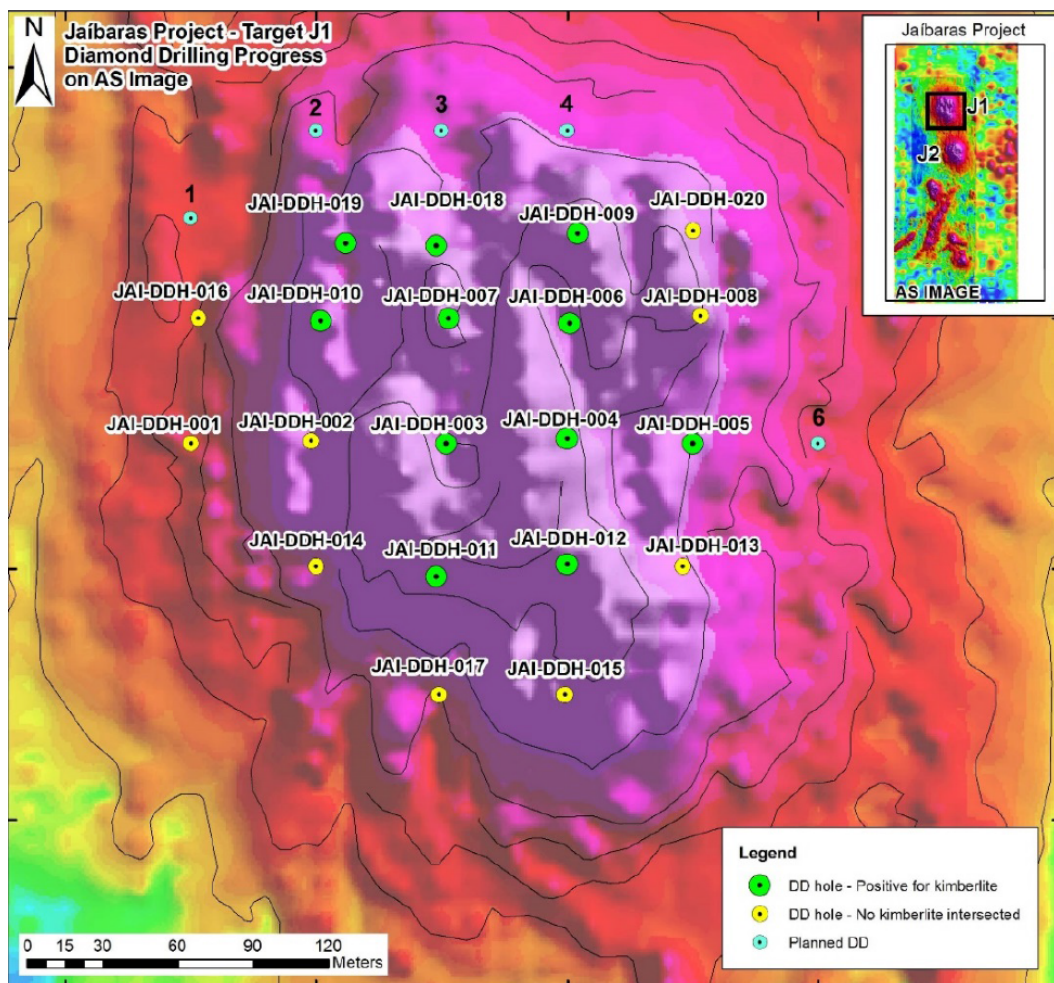
Diamond core drilling focusing on the J1 and J2 kimberlite pipes is well underway with 20 drill holes now completed at the J1 kimberlite pipe and two drill holes completed at the J2 kimberlite pipe. Initial results are meeting the Company's expectations with a total of 720 meters completed to date.



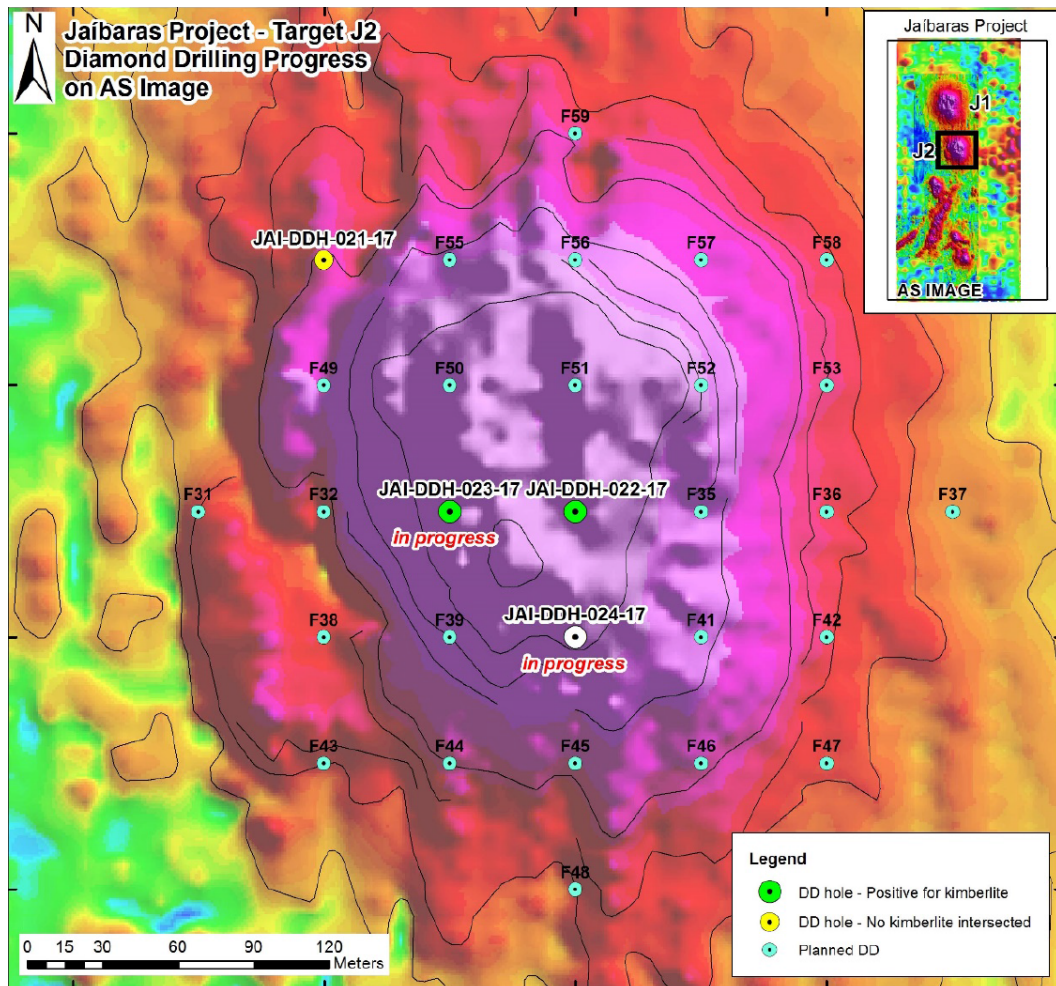
Diamond Core drilling underway at the J1 diamondiferous kimberlite pipe

The key objective of the drill programme is to cross cut the clay weathered zone and penetrate approximately five metres into the fresh rock. This has been successful to date and will allow the Company to delineate the lateral boundaries of the pipe and the vertical depth extent of the clay weathered zone. Once completed this will then provide the necessary data to conduct a tonnage estimation of the J1 & J2 clay weathered zones. A small drilling programme will also be conducted on the J4 kimberlite in conjunction with the bulk sampling programme.

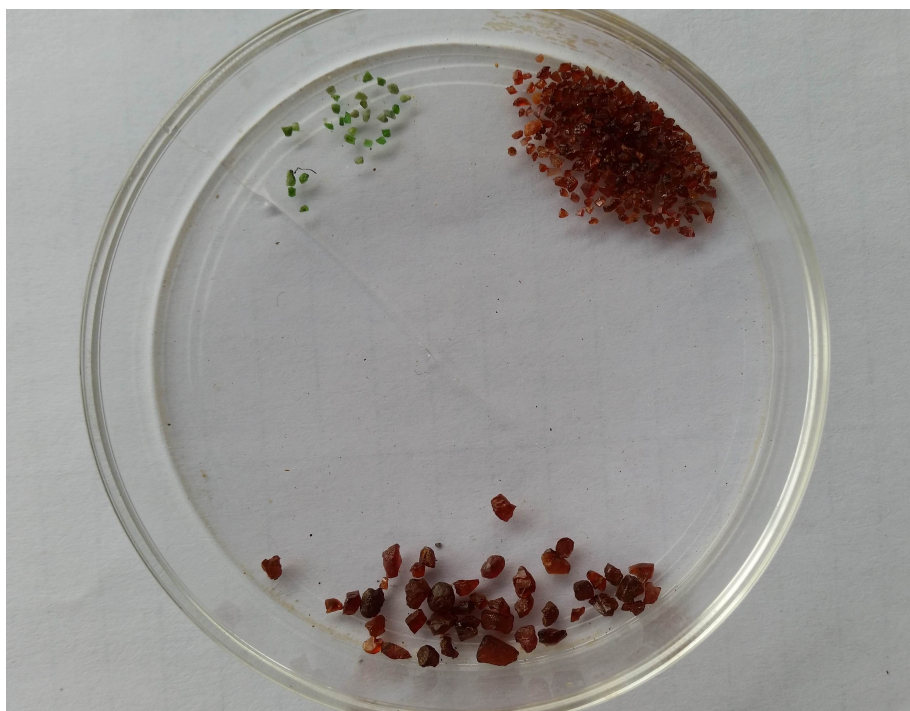
Auger drilling Programmes have now been completed on targets J3 to J6.



J1 Kimberlite Diamond Core Drilling Programme



J2 Kimberlite Diamond Core Drilling Programme



Garnets and Cr-diopside, key Kimberlite Indicator Minerals indicators (KIM's) recovered from drill hole JAI-DDH-004-17

ABOUT FIVE STAR DIAMONDS

The Company is listed on the TSX Venture Exchange under the ticker symbol STAR.

The Company controls a dominant and highly enviable position in the Brazilian kimberlite diamond sector owning 23 diamond kimberlite projects comprising an aggregate of 72 exploration licences and applications across 123,667 hectares.

Five Star Diamonds is focused on acquiring and developing advanced staged diamond projects in Brazil. Since it was established, it has pursued an accelerated growth strategy and aims to be one of the first producers of diamonds from kimberlite deposits in Brazil. The Company is focused on the development of sustainable kimberlite pipes and is not involved in alluvial diamond mining with its associated environmental issues. The Company works closely with local, state and federal authorities in Brazil to foster an open, transparent and legal diamond industry in Brazil.

This release is an update by the Company on its 100% owned Jaibaras Diamond Project. The Company is also running active programmes across its 100% owned Catalao, Riacho, Verissimo and Caiapo Diamond Projects. It is expected that the company will be able to provide further updates over the coming months and we look forward to keeping shareholders informed of our progress as we move towards building a truly unique Brazilian Diamond Company.

Qualified Person

Mr Paulo Ilídio de Brito
BSc Geology

Mr. Paulo de Brito is a geologist based in Brazil, has over 30 years of experience in the mining industry, dealing primarily with gold, copper, nickel, iron, industrial minerals and more recently diamonds. Mr. Brito is a Principal of consulting group Brasgeo and was until recently Exploration Manager of Paringa Resources Limited. Previously, he worked as a senior geologist with WMC Resources Ltd for 18 years until the closure of their activities in Brazil in 2002.

The exploration activities and their related results included in this announcement were directly supervised and managed by Mr. Brito. According to Mr. Brito, all exploration work carried out to date on the Projects mentioned in this release follow clear mining industry standards.

Mr. Brito, is a member of AIG (Australian Institute of Geoscientists), a member of AusIMM (The Minerals Institute) and a Qualified Person as defined in National Instrument 43-101. Mr. Brito reviewed and approved the scientific and technical information contained in this press release.

On behalf of the Board

Five Star Diamonds Limited

Matthew Wood
Chairman of the Board, President and CEO

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