



**TSX-V STAR
Market Release**

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**FIVE STAR
DIAMONDS LIMITED**

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TSXV: STAR

FIVE STAR DIAMONDS BRAZIL PROJECTS 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 activities at its 100% owned Brazilian Diamond Projects.

Highlights

- **Bulk sampling and jig processing at the Jaibaras Project has confirmed that four kimberlite pipes tested to date are diamondiferous with a total of six macro diamonds recovered.**
- **Samples collected from the Jaibaras drilling program across the J1, J2 and J4 kimberlite pipes will be submitted for additional caustic fusion and microdiamond analysis in 2018.**
- **Recent auger drilling completed at the Riachao Project has confirmed the presence of a 25ha kimberlite pipe at surface.**
- **Stage-2 bulk sampling at the Riachao Project has been completed with seven samples being collected for caustic fusion and diamond analysis. Results are expected early in 2018.**
- **A detailed ground magnetic survey has commenced at the extended Maravilha Project in Minas Gerais State. A program of bulk sampling will also commence across the M3 kimberlite pipe and other targets identified from the magnetic program.**
- **Initial field work is currently planned at the Company's 100% owned Bacuri Project, in Mato Grosso State, where previous work has identified a diamond bearing kimberlite pipe.**

JAIBARAS DIAMOND PROJECT, PARA STATE

The Jaibaras Diamond Project is located in Para State in Brazil and comprises six individual mineral properties, which in total cover 49,443.47 hectares. To date eight kimberlite targets have been identified at the Jaibaras Project. Bulk sampling and jig processing of the J1, J2, J3 and J4 kimberlite pipes has been completed and has resulted in the recovery of six diamonds from clay weathered kimberlite. The diamonds have good shapes, clarity and colour with two of the six diamonds being yellow.

The samples comprise approximately 15t (120t total) of weathered kimberlite collected in a shallow pit that were then washed and concentrated by a jig plant (with a 1mm bottom cut-off). Jig concentrates were then processed by FlowSort X-ray technology, and the ejected material collected and submitted to MSA for diamond collection.

Significant problems were experienced in the operating of the jig plant due to the clay content of the kimberlite. The jig plant also produced concentrates with a high white mica content which greatly affected the ability of the FlowSort to recover diamonds. This method of sampling although successful in recovering some macro diamonds has been deemed unreliable by the Company and the Company will no longer use this technique for sampling.

FlowSort concentrates were then processed through caustic fusion in South Africa. The residues from the caustic fusion digestion were processed by MSA (*SANAS ISO/IEC17025 accredited*) for microscopic sorting for the recovery of diamonds down to a minimum size of +850 microns. This was necessitated due to the poor nature of the concentrates reporting from the jig plant and the poor operating performance of the FlowSort on jig concentrates.

In total six diamonds were recovered and photos and descriptions are below.

Next Steps

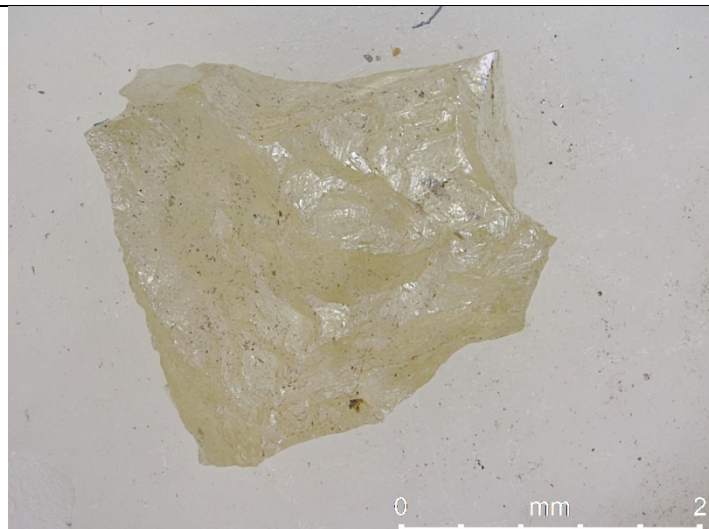
The Company has already collected additional mini-bulk samples for caustic fusion and diamond analysis using the core of the recently completed diamond drilling programme conducted over J1, J2 and J4 pipes.

Additional bulk sampling, caustic fusion and microdiamond analysis along the lines of what the Company has recently completed at the Riachao Project will be completed in 2018.

The eight kimberlite targets currently identified are located within a small area of 522 hectares, which represent only 1.1% of the total project area. A target selection phase using airborne magnetic data is in progress and the priority targets selected from this phase will be analysed alongside ground magnetic survey, soil-stream geochemistry and auger drilling.



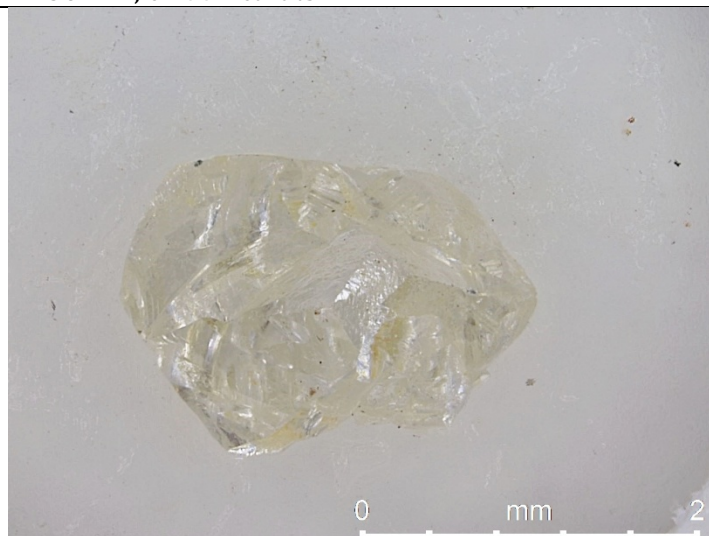
A) Sample J1-1: Greenish-yellow transparent broken complex crystal, size fraction -2.36 mm +1.70 mm, 0.1385 carats



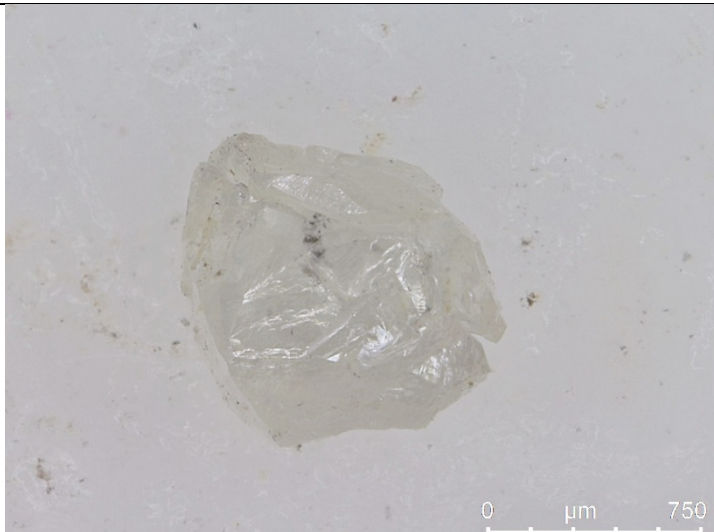
B) Sample J2-1: Yellow translucent broken dodecahedron with inclusion, size fraction -3.35 mm +2.36 mm, 0.1771 carats



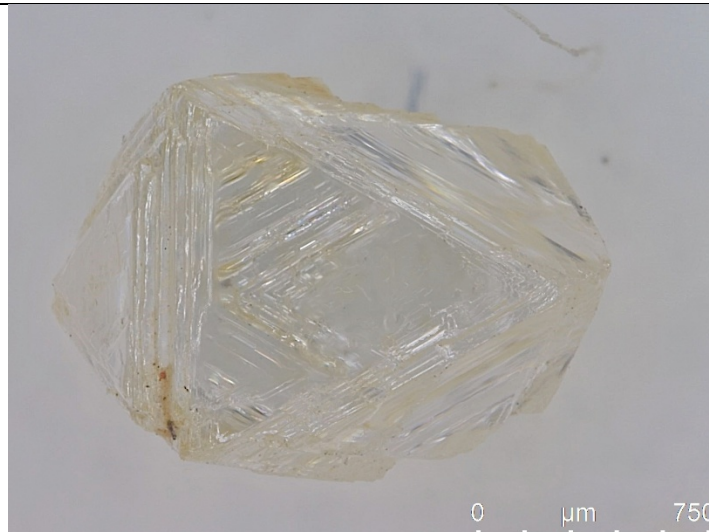
C) Sample J3-1: White transparent octahedron, size fraction -2.36 mm +1.70 mm, 0.0707 carats



D) Sample J3-2: White transparent composite crystal, size fraction -2.36 mm +1.70 mm, 0.1037 carats



E) Sample J4-1: White translucent broken octahedron, size fraction -1.18 mm +0.85 mm, 0.00576 carats



F) Sample J4-1: White transparent octahedral contact twin, size fraction -1.18 mm +0.85 mm, 0.02115 carats

RIACHAO DIAMOND PROJECT, PIAUI STATE

The Riachao Diamond Project is located in Piauí State and comprises one exploration licence covering a total area of 1,278.13 hectares. It is located within a geological province known as the “Gilbues Diamondiferous Province”.

In May 2017, the Company completed a detailed ground magnetic survey over a small pre-selected target area inside the Riachao mineral property and, as a result of this survey, a potential kimberlite target was delineated with an interpreted size of approximately 25 hectares. A preliminary surface inspection revealed the presence of a series of weathered kimberlite outcrops. Two outcrops (28 metres apart) were selected on the eastern side of the target and one mini-bulk sample was collected on each of these two sites. The surficial exposure of the selected outcrops was cleaned and volumetric samples of clay weathered kimberlitic rocks were manually collected with the help of a hoe and a hammer, roughly on sub-vertical channels. In total, the two mini-bulk samples yielded 13 natural microdiamonds, from an original weight of 195.25 kilograms.

Additional Caustic Fusion and Diamond Analysis

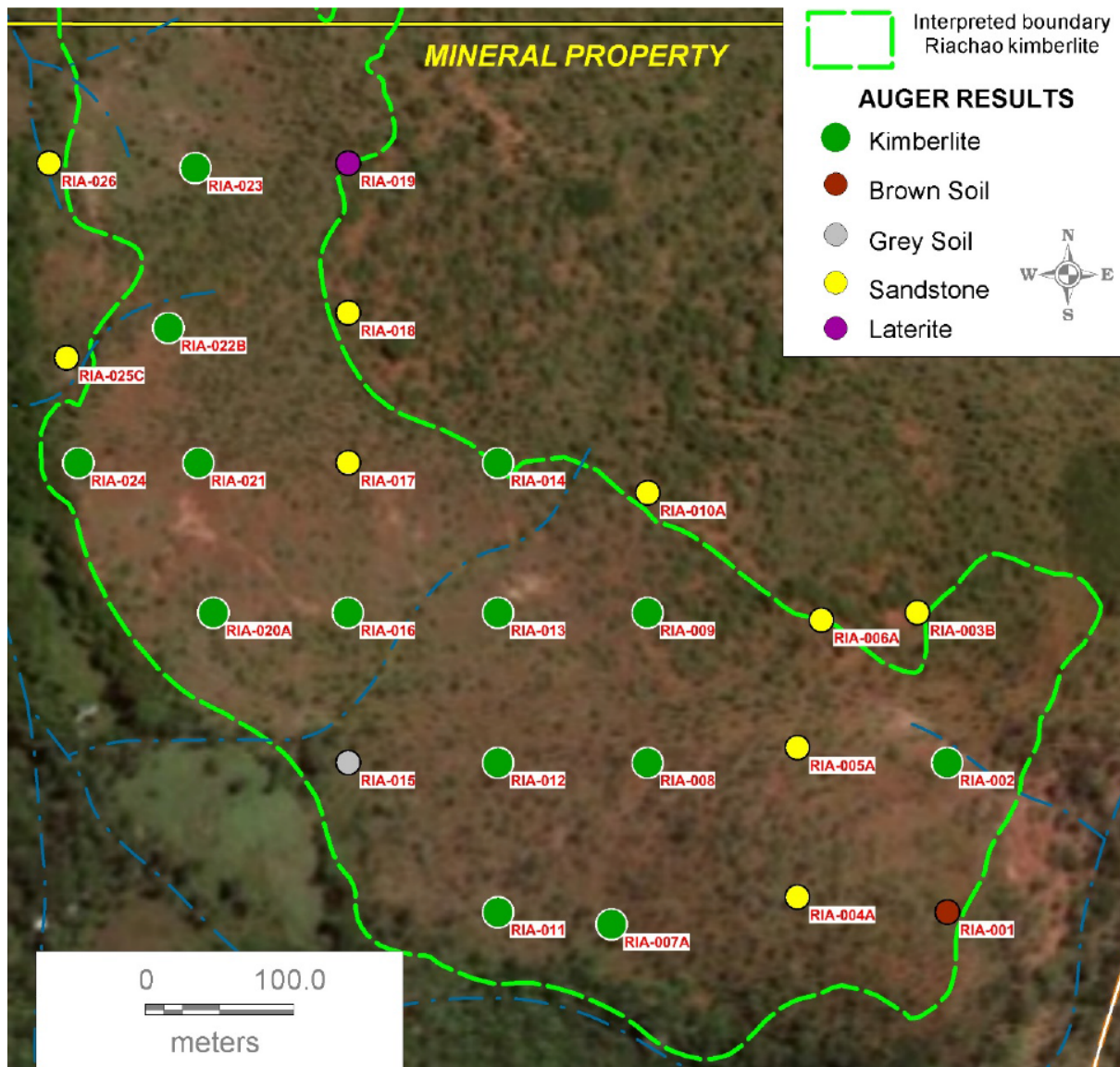
Promising results from the initial caustic fusion programme at the Riachao Project in the previous quarter has encouraged the Company to complete a second and more extensive caustic fusion and diamond analysis programme on a further seven samples. The first four samples labelled CF-R1-3, CF-R1-4, CF-R1-5 and CF-R1-6, which have been pre-treated (washing + sieving) to produce final concentrates, have been fast tracked to South Africa for caustic fusion and diamond analysis at The MSA Group. The remaining three samples (CF-R1-7, CF-R1-8 and CF-R1-9) are being prepared and will follow the same procedures above.

Auger Drilling Programme

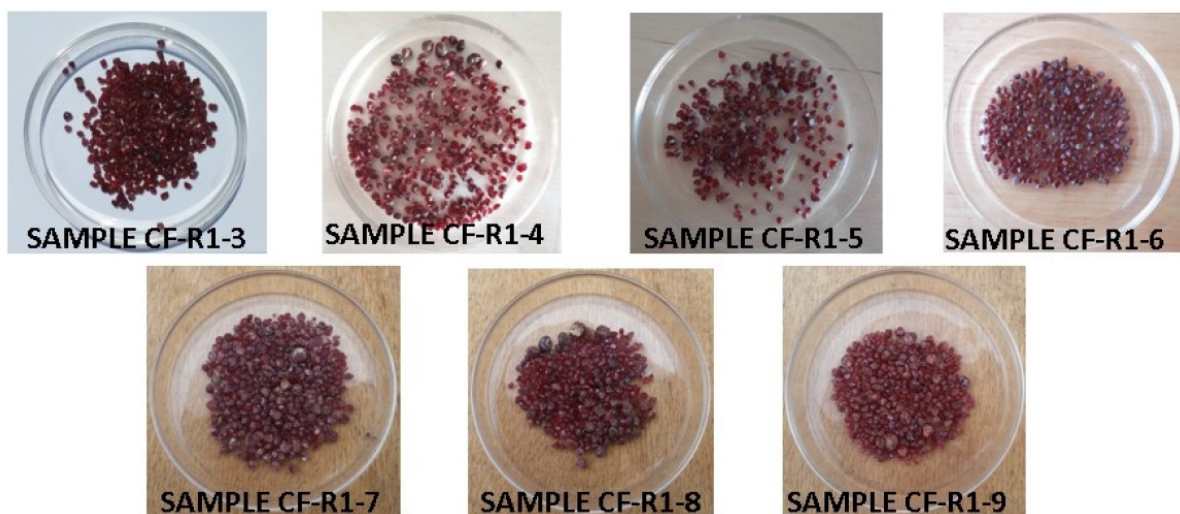
An initial program of 100x100m auger drilling across the Riachao kimberlite has recently been concluded. A total of 26 auger holes have been drilled and 14 holes (approximately 54%) intersected weathered kimberlitic rocks. The auger programme comprised of a cumulative 185.30 linear meters.

The results of the auger programme were positive and confirmed the original kimberlite target area interpreted based on the ground magnetic response. Two auger holes (RIA-04A and RIA-05A) stopped at shallow depths (6.0 and 3.0 metres, respectively) inside the shallow sandstone cap.

The weathered kimberlitic rocks intersected by auger holes were described as a resedimented volcanoclast kimberlite (“RVK”). The RVK is locally outcropping or covered by a thin soil cover (1.0 to 4.5 metres) containing blocks and boulders of laterite and sandstone. The RVK is a garnet+olivine-rich rock, also containing smaller amounts of picroilmenite, Cr-spinell and Cr-diopside.



Auger drilling results at the Riachao kimberlite



Garnets (representing the main KIM's) are abundant within the Riachao samples

MARAVILHA DIAMOND PROJECT, MINAS GERAIS STATE

The Maravilha project comprises two exploration licences for a total of 1,114.86 hectares. The Company has recently acquired an adjacent property immediately east of Maravilha and this property contains Kimberlite Indicator Minerals (KIM's) similar to the diamond-bearing M3 pipe but that have never been tested for diamonds.

A detailed geology mapping and ground magnetic survey will commence in the coming weeks along with mini-bulk sampling of the M3 Kimberlite pipe and new targets identified from the geology and magnetic survey.

ADDITIONAL FIELD WORK

The Company is planning to undertake initial field work on the 100% owned Bacuri Project in Mato Grosso State. The Bacuri Project is located closed to Poxoreo City and comprises one exploration licence for 863.68 hectares. The city of Poxoreo is locally known as the Brazilian Diamond Capital based on the extensive historical workings for diamonds.

ABOUT FIVE STAR DIAMONDS

Five Star Diamonds is listed on the TSX Venture Exchange under the ticker symbol STAR and has recently signed a cooperation agreement with leading global diamond house Hennig Limited. The Company controls a dominant and highly enviable position in the Brazilian kimberlite diamond sector owning 23 diamond kimberlite projects comprising an aggregate of 67 exploration licences and applications across 165,019 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, Riachao, Maravilha and Bacuri 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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