



**TSX-V STAR
Market Release**

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**FIVE STAR DIAMONDS
LIMITED**

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TSXV: STAR

JAIBARAS DIAMOND PROJECT UPDATE – DRILLING TO COMMENCE WITHIN THREE WEEKS

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

- **The Jaibaras project was discovered by De Beers in 1990.**
- **Five Star Diamonds has now identified eight targets (J1 to J8) on the Jaibaras Project.**
- **The J1 kimberlite pipe has been drilled and sampled by De Beers and proven to be diamondiferous.**
- **The J1 and J2 kimberlite pipes have been mini bulk sampled by Five Star Diamonds with macro diamonds recovered from both pipes.**
- **Kimberlite indicator sampling at the J3 and J4 kimberlite pipes have recently been completed with the J4 pipe returning the most promising results ever seen by Five Star Diamonds in Brazil.**
- **Auger drilling and kimberlite indicator sampling programmes are now underway at the J5, J6, J7 and J8 targets.**
- **A diamond core drilling programme focused on bulk sampling the oxide zone is expected to commence at the J1 and J2 pipes in the coming three weeks.**
- **The 5tph Pilot Plant from Catalao (wash and rotary pan concentrate plant) is now being demobilized and packed for relocation to the Jaibaras Project.**
- **A trial mining application for the Jaibaras Project will be submitted in the coming months.**

The Jaibaras Diamond Project is located in Para State in Brazil and comprises one mineral property with 522.26 hectares. De Beers discovered the Jaibaras kimberlite cluster in 1990 during intensive Brazilian exploration. Their work included sampling for Kimberlite Indicator Minerals (“KIMs”) and chemistry, aeromagnetic and ground magnetic surveys, drilling, trenching, microdiamond sampling and geochronology. The kimberlites were demonstrated to be diamond positive.

To date **eight kimberlite targets** at the Jaibaras Project have been identified.

Exploration work executed to date includes;

- Surface surveying using drone technology to create an imagery base of 8.38 square kilometres area;
- Ground magnetic survey using 100m line spacing has defined the locations of J1 to J8. A total of 53.70 linear kilometres have been surveyed during this phase;
- Pit excavation into the J1 target further confirmed the presence of KIMs including pyrope garnets, ilmenite, phlogopite, olivine and Cr-spinel;
- Mini bulk sampling of J1 and J2 resulted in the recovery of macro diamonds from oxidised kimberlite. The mini bulk samples were processed through the Company’s pilot plant located at Catalao Project;
- Detail ground magnetic survey using 10m line spacing has further delineated the potential kimberlite pipes and their respective boundaries. A total of 186.60 linear kilometres were surveyed during this phase;
- An extensive auger drilling programme is currently underway testing the sources of previously defined magnetic targets. To date, 39 auger holes have been completed, totalling 224.30 linear metres.



Diamonds recovered from the mini bulk sampling of J1 and J2 kimberlite pipes

ONGOING AUGER DRILLING PROGRAMME

An auger drilling evaluation programme has recently been completed at J4. The programme comprised seven auger holes for a total of 27.60 linear metres with six of the holes intersecting a kimberlitic pipe.

A 12kg sample from one hole was treated and submitted to a KIM's study. The kimberlite saprolite intersected on auger hole JAI-035 contains;

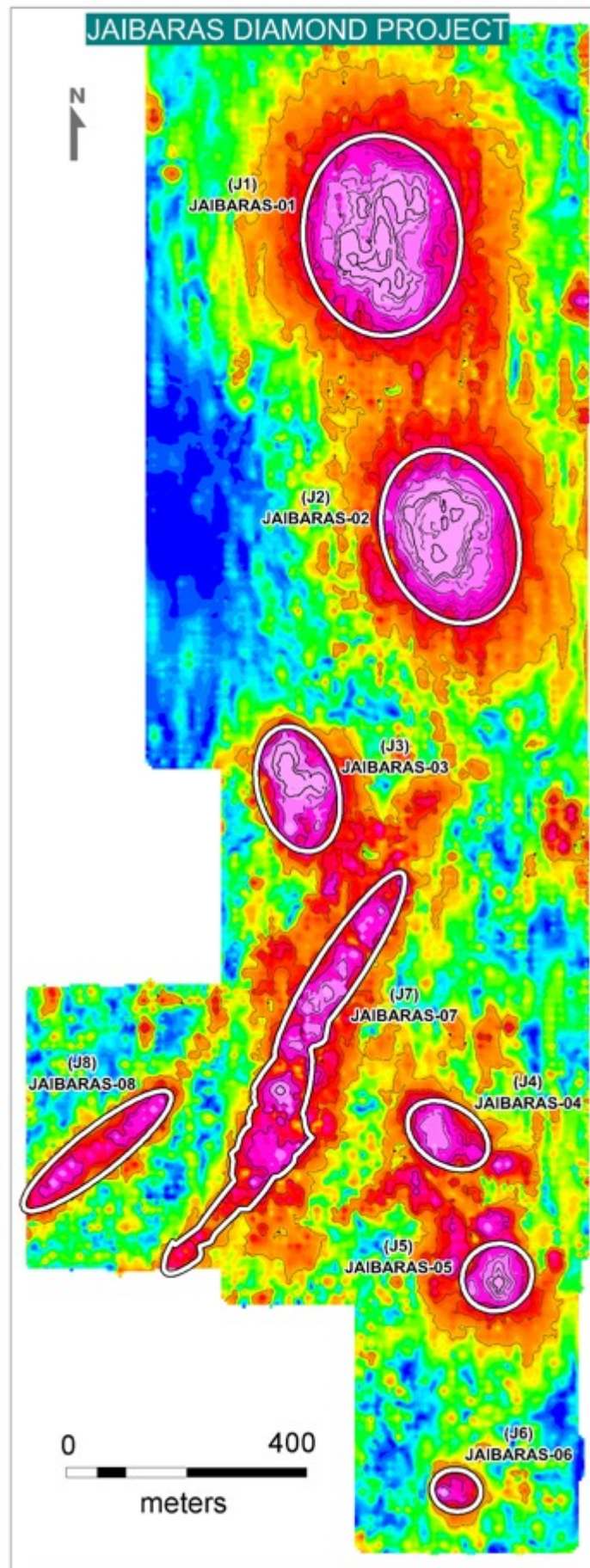
- abundant presence of very coarse grained ilmenite;
- abundant presence of very coarse grained weathered olivine;
- relatively moderate presence of medium grained orange garnet;
- relatively low presence of medium grained dark purple and light pink garnets;
- coarse-grained dark-purple G10 garnets discovered at from J4 kimberlite;
- relatively low presence of coarse grained phlogopite;
- relatively low presence of fine grained chromite.

Kimberlite indicator sampling at the J4 kimberlite pipe has returned the most promising results ever seen by Five Star Diamonds in Brazil.

The auger drilling evaluation programme will now continue with testing J5-J8 targets.



Coarse-grained dark-purple G10 garnets from J4 kimberlite



Eight targets have been identified with initial sampling being completed at J1-J4 pipes



Macrocrystal of ilmenite on a kimberlite saprolite of J4 pipe

ONGOING PROGRAMMES

The Company is planning to conduct the following exploration activities over the next two months;

- Commence a 2,500m diamond core drilling programme during May 2017, to bulk sample and delineate the upper oxide zone of J1 and J2 kimberlite pipes;
- Continue the ongoing auger drilling program to test J5 to J8 targets;
- Open exploration trenches to investigate the sources of J7 and J8 targets.

PILOT PLANT

The 5tph Pilot Plant from Catalao (wash and rotary pan concentrate plant) is now being demobilized and packed for relocation to the Jaibaras Project where trial mining is scheduled to commence towards the end of 2017. In line with this a trial mining licence application for the Jaibaras Project will be submitted in the coming months.

ABOUT FIVE STAR DIAMONDS

Five Star Diamond's 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 targeting 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.

The flagship project of Five Star Diamonds is the 100% owned advanced stage Catalao diamond project located in the famous Coromandel diamond district of Brazil. In addition, the Company owns 22 other diamond kimberlite projects, including the Jaibaras Diamond Project, comprising an aggregate of 72 exploration licences and applications covering a total area of 123,667 hectares. The Company now controls a dominant and highly enviable position in the Brazilian kimberlite diamond sector.

Five Star Diamonds has now successfully listed on the TSX-V, under the ticker symbol STAR, and looks forward to an aggressive work programme at its diamond projects across Brazil. This release is part of many announcements expected over the coming months and we look forward to keeping shareholders updated on our progress as we move towards building a truly unique Brazilian Diamond Company.

On behalf of the Board

Five Star Diamonds Limited

Matthew Wood
Chairman of the Board, President and CEO

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Qualified Person

Mr Paulo Ilídio de Brito
BSc Geology

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 and industrial minerals. Paulo 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.

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

Cautionary Note Regarding Forward-looking statements

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authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information.

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