TURQUOISE CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2016

The following Management Discussion and Analysis ("MD&A") of Turquoise Capital Corp. (the "Company" or "Turquoise") has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of October 7, 2016, and should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended August 31, 2016 and 2015 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102.

All financial information in this MD&A related to 2016, 2015 and 2014 has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions; the availability of financing for the Company's operations; and the ability to attract and retain skilled staff.

These forward-looking statements are subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the following list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the factors below as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.** The Company intends to discuss in its quarterly and annual reports referred to as the Company's management's discussion and analysis documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this management discussion and analysis.

Description of Business

The Company was incorporated on November 14, 2012 under the Business Corporations Act (British Columbia).

The head office of the Company is located at Suite 820 - 1130 West Pender Street, Vancouver, British Columbia, V6E 4A4. The records and registered office of the Company is located at Suite 704 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Company has one subsidiary, 1030301 BC Ltd.

To date, the Company has not conducted operations of any kind. The Company is a Capital Pool Company (CPC) pursuant to the policies of the TSX Venture Exchange (the "Exchange"). The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction ("QT"). Any proposed QT must be accepted by the Exchange and in the case of a non arm's length QT is also subject to Majority of the Minority Approval in accordance with the CPC Policy.

On April 1, 2015, the Company entered into a business combination agreement (the "Business Combination Agreement") with Vigil Technologies Inc. ("Vigil") and 1030301 B.C. Ltd. ("Subco") whereby the Company has agreed to acquire all of the issued and outstanding shares of Vigil (the "Transaction").

On July 13, 2016 the Company, announced that the Business Combination Agreement had been terminated. The agreement was terminated because Turquoise and Vigil were unable to complete certain conditions of closing.

On September 9, 2016 the Company signed a definitive merger agreement (the "Merger Agreement") with Five Star Diamonds Ltd., a corporation existing under the laws of the British Virgin Islands ("Five Star"), which sets out the terms and conditions pursuant to which Turquoise and Five Star will complete a transaction that will result in a reverse takeover of Turquoise by the shareholders of Five Star (the "Transaction") and constitute Turquoise's Qualifying Transaction under the TSX Venture Exchange (the "TSXV") Policy 2.4 – Capital Pool Companies. Upon completion of the Transaction, it is the intention of the parties that the resulting issuer company will focus on the exploration and development of Five Star's diamond projects located in Brazil.

Share Capital

On September 12, 2016 2,477,774 shares of common stock were issued at a price of $0.0675 per share for net proceeds of $167,250. No finance fees were charged. Included in the above issued shares were 644,442 shares that were issued to directors of the Company.

On June 27, 2013 the Company successfully completed its initial public offering of 3,012,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $301,200. The Company paid a cash commission of $30,120 and granted non-transferable agent warrants to purchase 301,200 common shares of the Company at a price of $0.10 per share until July 3, 2015. A corporate finance fee of $11,200 was paid and legal and other costs totaled $16,366.

On May 31, 2016 the TSX Venture Exchange (the "Exchange") accepted the Company's transfer to NEX application. In connection with the transfer, the Company has cancelled ½ of the 2,000,000 seed shares issued at $0.05 per share as held by the Company's directors.

Pursuant to an escrow agreement dated January 21, 2013 and amended on March 21, 2013, 2,026,000 of the common shares issued and outstanding were held in escrow. On May 31, 2016 1,000,000 of those escrow shares were cancelled in conjunction with the transfer to the NEX. On completion of a QT 102,600 common shares will be released from escrow.
Every six months thereafter 153,900 common shares will be released.

Selected Annual Information

The Company is providing the following selected information with respect to the Company's audited financial statements for the fiscal years ended November 30, 2015, 2014 and 2013. The audited financial statements for these fiscal years were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

	Year ended November 30, 2015 ($)	**Year ended November 30, 2014 ($)**	**Year ended November 30, 2013 ($)**
Total Revenue	-	-	-
Operating Expenses	(188,880)	(67,381)	(132,970)
Loss Before Other Items and Income Tax	(188,880)	(67,381)	(132,970)
Interest Income	-	-	-
Impairment of advance receivable	(25,000)	-	-
Future Income Tax Recovery	-	-	-
Net Loss	(213,880)	(67,381)	(132,970)
Basic and Diluted Loss Per Share	(0.07)	(0.02)	(0.10)

	As at November 30, 2015 ($)	As at November 30, 2014 ($)	As at November 30, 2013 ($)
Balance Sheet Data			
Total assets	15,659	187,089	245,865
Total liabilities	60,460	18,010	9,405
Total equity	(44,801)	169,079	236,460

Overall Performance

For the three and nine months ended August 31, 2016, the Company incurred a net loss of $12,957 and 41,904 respectively (2015 - $74,866 and $166,022). The decrease in losses incurred are primarily associated with legal fees and financing fees. Legal fees and filing fees both decreased in the three and nine months ended August 31, 2016 as compared to 2015 due to decreased work on a QT.

On December 21, 2012, the Company granted 200,000 stock options to directors of the Company pursuant to the terms of the Company's stock option plan, subject to regulatory approval. The options were granted for a period of five years beginning on the listing date (July 3, 2013), and each stock option will allow the holder to purchase a common share of Turquoise at an exercise price of $0.10.

At August 31, 2016, the Company had cash and cash equivalents of $94,252 (November 30, 2015 - $14,772). Working capital at August 31, 2016 was $ (8,545) (November 30, 2015 – ($44,801)). To date, the Company's sole source of financing has been derived from the issuance of common shares.

Initial Public Offering

During the year ended November 30, 2013, the Company focused its activities on the preparation and filing of its prospectus with the Exchange in connection with its listing as a CPC. On June 27, 2013, the Company completed its initial public offering (the "IPO") of 3,012,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $301,200 (the "Proceeds"). Mackie Research Capital Corporation acted as agent (the "Agent") for the IPO. The Company paid to the Agent a cash commission of $30,120 and granted the Agent and its sub-agents non-transferable agent warrants to purchase 301,200 common shares of the Company at a price of $0.10 per share until July 3, 2015. The Agent also received a corporate finance fee of $11,200 and legal and other costs totaled $16,366.

The Company's common shares commenced listing on the Exchange under the symbol "TQC.P" on July 3, 2013.

The Company is a Capital Pool Company within the meaning of the policies of the Exchange. The Company has not commenced operations and has no assets other than cash.

The Company is using the net proceeds of the IPO to identify and evaluate a Qualifying Transaction under the policies of the Exchange.

Proposed Qualifying Transaction

<u>The Merger Agreement</u>

On September 9, 2016 the Company signed a definitive merger agreement (the "Merger Agreement") with Five Star Diamonds Ltd., a corporation existing under the laws of the British Virgin Islands ("Five Star"), which sets out the terms and conditions pursuant to which Turquoise and Five Star will complete a transaction that will result in a reverse takeover of Turquoise by the shareholders of Five Star (the "Transaction") and constitute Turquoise's Qualifying Transaction under the TSX Venture Exchange (the "TSXV") Policy 2.4 – Capital Pool Companies. Upon completion of the Transaction, it is the intention of the parties that the resulting issuer company will focus on the exploration and development of Five Star's diamond projects located in Brazil.

The Transaction is subject to regulatory approval.

Transfer to the NEX

On May 31, 2016 the TSX Venture Exchange (the "Exchange") accepted the Company's transfer to NEX application. In connection with the transfer, the Company has cancelled one half of the 2,000,000 seed shares issued at $0.05 per share as held by the Company's directors.

Third Quarter Results of Operations

During the three and nine months ended August 31, 2016 and 2015, the Company incurred a net comprehensive loss before income taxes interest and other income of $12,957 and $41,904 respectively (2015 - $74,866 and $166,022). The expenses for the three and nine months ended August 31, 2016, include the following items:

- Filing fees of $1,319 and $12,494 (2015 - $26,835 and $40,267);
- Professional fees of $6,652 and $31,677 (2015 - $14,868 and $68,785)
- Financing fees of $nil and $10,000 (2015 - $nil and $40,000).

All items decreased from 2015 to 2016 due to decreased work done on the business combination between Turquoise and Vigil.

Summary of Quarterly Results

	Three months Ended August 31, 2016	Three Months Ended May 31, 2015	Three months Ended February 29, 2016	Three months Ended November 30, 2015	Three months Ended August 31, 2015
Total assets	$ 94,870	$ 3,886	$5,264	$ 15,659	$ 44,527
Working capital (deficiency)	8,545	(73,748)	(60,903)	(44,801)	3,057
Shareholders' equity (deficiency)	8,545	(73,748)	(60,903)	(44,801)	3,057
Net loss	12,957	12,845	16,102	47,858	74,866
Loss per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.02)

	Three months Ended May 31, 2015	Three months Ended February 28, 2015	Three months Ended November 30, 2014	Three months Ended August 31, 2014	Three months Ended May 31, 2014
Total assets	$ 86,172	$ 144,499	$187,089	$ 198,492	$ 212,579
Working capital	77,923	102,858	169,079	193,843	204,644
Shareholders' equity	77,923	102,858	169,079	193,843	204,644
Net loss	24,935	66,221	24,764	10,801	14,026
Loss per share	(0.01)	(0.02)	(0.01)	(0.00)	(0.00)

On December 21, 2012, the Company granted 200,000 stock options. The options can be exercised at $0.10 per common share and vested on the listing date (July 3, 2013). The options are valid for a term of five years beginning on July 3, 2013.

Liquidity and Capital Resources

To date, the Company has not yet acquired a QT and realized profitable operations. The Company has relied on equity financings and trade credit to fund the losses. The Company has sufficient funds to satisfy its expenditure plans for the current fiscal year.

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to find a QT and to continue to raise adequate financing. Management is actively targeting sources of additional financing which would assure continuation of the Company's operations. In order for the

Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

	August 31, 2016	November 30, 2015
Working capital (deficit)	$ 8,545	$ (44,801)
Deficit	$ 461,685	$ 419,781

Net cash used in operating activities during the nine months ended August 31, 2016, was $15,770 (2015 – $144,317). The cash used in operating activities for the period consists primarily of the operating costs and are offset by the increased balances in related parties payable and trade payable and accrued liabilities.

Net cash used in investing activities during the nine months ended August 31, 2016, was $nil (2015 - $25,000). In the year ended November 30, 2015, it was determined that the $25,000 advance to Vigil Technologies Inc. should be impaired due to the uncertainty of its collectability.

Net cash from financing activities during the nine months ended August 31, 2016, was $95,250 (2015 - $nil).

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has sufficient funds to cover anticipated administrative expenses throughout the current fiscal year. It will continue to focus on completing the qualifying transaction.

Related Party Transactions

In the nine months ended August 31, 2016, 2015, the following amounts were paid or accrued to related parties:

a) Paid or accrued $4,500 in rent and $9,000 in administration fees (2015 - $4.500 and $9,000) to Da Costa Management Corp. a company controlled by a director of the Company.

As at August 31, 2016, $22,896 (November 30, 2015 - $8,259) was owed to Da Costa Management Corp.

The related party transactions are in the normal course of operations.

Changes in Accounting Policies

During the three and nine months ended August 31, 2016, there were no changes in accounting policy.

New standards not yet adopted

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Amendments to IAS 32 "Financial Instruments: Presentation"

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Financial Instruments

Fair Values

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature. The following table summarizes the carrying values of the Company's financial instruments:

	August 31, 2016	November 30, 2015
Fair value through profit or loss	$	$
Loans and receivables (i)	94,252	14,772
Other financial liabilities (ii)	68,825	38,460

(i) Cash, advances receivable and cash equivalents
(ii) Accounts payable and amounts due to related parties

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies. Credit risk is assessed as high.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's sole source of funding has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at August 31, 2016.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number of shares issued or issuable
Common shares	6,489,773
Stock options (exercisable until July 2, 2018 at $0.10 per share)	200,000
Agent warrants outstanding	nil

Escrow Shares

On August 31, 2016, one half of the 2,000,000 seed shares held in escrow were canceled when the Company moved to the NEX.

At August 31, 2016, pursuant to an escrow agreement dated March 21, 2013, 1,026,000 common shares issued and outstanding were held in escrow. 10% of these shares will be released on completion of a qualifying transaction and then 15% will be released every nine months for a period of three years thereafter.

Internal Controls over Financial Reporting

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed consolidated interim financial statements for external purposes in accordance with IFRS. Lack of optimal segregation of duties has been observed due to the relatively small size of the Company, but management believes that these weaknesses have been adequately mitigated through management and director oversight.

Management's Responsibility for condensed consolidated interim financial statements

The information provided in this report, including the condensed consolidated interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the condensed consolidated condensed consolidated interim financial statements.

Further Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.