

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Five Star Diamonds Limited (formerly Turquoise Capital Corp.)  
390 Bay Street, Suite 806  
Toronto, ON M5H 2Y2

**Item 2 Date of Material Change**

April 21, 2017

**Item 3 News Release**

A news release with respect to the material change referred to in this report was disseminated on April 24, 2017 through Marketwired and filed on the system for electronic document analysis and retrieval (SEDAR).

**Item 4 Summary of Material Change**

The material change is fully described in the news release attached hereto as Schedule "A".

**Item 5 Full Description of Material Change**

The material change is fully described in the news release attached hereto as Schedule "A".

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

Joe Burke, GM Marketing  
+55 21 2439 5700

**Item 9 Date of Report**

April 24, 2017

## SCHEDULE "A"

### FIVE STAR DIAMONDS LIMITED (FORMERLY TURQUOISE CAPITAL CORP.) COMPLETES QUALIFYING TRANSACTION AND PRIVATE PLACEMENT

*Not for distribution to United States newswire services or for release publication, distribution or dissemination directly, or indirectly, in whole or in part, in or into the United States.*

**April 24, 2017 - Vancouver, BC** – Five Star Diamonds Limited (formerly Turquoise Capital Corp.) (TSXV: STAR) (the "**Company**") is pleased to announce that it has completed the previous announced acquisition (the "**Transaction**") of all of the issued and outstanding ordinary shares of Five Star Diamonds Limited (BVI) (the "**Target**"). The Transaction constitutes the Company's Qualifying Transaction under the TSX Venture Exchange (the "**TSXV**") Policy 2.4 – *Capital Pool Companies*.

The Transaction was effected by way of a three-cornered merger between a wholly-owned subsidiary of the Company and the Target pursuant to the laws of the British Virgin Islands. On the completion of the merger, all of the ordinary shares of the Target outstanding immediately prior to the merger were, pursuant to the terms of the merger, cancelled and in exchange therefor holders of the cancelled ordinary shares received one common share (a "**Common Share**") in the capital of the Company for each ordinary share previously held. An aggregate of 101,287,345 Common Shares were issued to the former shareholders of the Target.

In connection with the completion of the Transaction, the Company completed a private placement (the "**Offering**") of 17,815,480 Common Shares at a price of C\$0.30 per share for aggregate gross proceeds of C\$5,344,644. In connection with the Offering, the Company provided compensation to registered brokers, registered dealers and other finders comprised of an aggregate of C\$403,185 in cash and an aggregate of 1,343,950 non-transferable common share purchase warrants, with each whole warrant entitling holder to acquire one Common Share at a price of \$0.30 per share for a period of two years from the date of issuance. Following completion of the Transaction and the Offering, the Company has 128,727,096 Common Shares issued and outstanding and securities convertible into an aggregate of 1,543,950 additional Common Shares.

On closing of the Transaction, the Company changed its name from Turquoise Capital Corp. to Five Star Diamonds Limited and all of the prior directors and officers of the Company resigned and were replaced by the following: Matthew Wood - Director, President and CEO, Brian McMaster – Director and CFO, Luis Azevedo – Director and COO, Gizman Abbas - Director, Simon Rothschild - Director and Nicholas Pike - Director. The name change to Five Star Diamonds Limited was approved by the directors of Turquoise Capital Corp. on April 13, 2017.

Pursuant to the terms of a Tier 1 surplus security escrow agreement dated April 13, 2017 among the Company, Computershare Trust Company of Canada, as escrow agent, and certain Principals of the Company, an aggregate of 66,184,831 Common Shares have been placed in escrow in accordance with the policies of the TSXV. In addition, a total of an additional 10,000,000 Common Shares are subject to seed share resale restrictions in accordance with the policies of the TSXV.

In connection with the Transaction and the requirements of the TSXV, Canaccord Genuity Corp. (the "**Sponsor**") acted as the Sponsor for the Transaction. The Company paid the Sponsor a sponsorship fee of C\$75,000 plus HST. The Sponsor was also reimbursed for its reasonable expenses including fees and disbursements of the Sponsor's legal counsel.

By letter dated March 2, 2017, the TSXV issued its conditional approval of the Transaction. The Company is in the process of filing the final documents with the TSXV pursuant to the conditional approval, and the Common Shares are expected to commence trading on the TSXV at the opening of market on Tuesday April 25, 2017 under the ticker symbol "STAR".

On completion of the Transaction and the Offering, R&R Venture Partners II LLC ("R&R"), previously the largest shareholder of the Target, became the largest shareholder of the Company and an insider as a result of owning more than 10% of issued and outstanding Common Shares. Prior to the Transaction, R&R did not beneficially own, or exercise control or direction over, any securities of the Company. Pursuant to the Transaction, R&R acquired 33,875,014 Common Shares or approximately 26.32% of the issued and outstanding Common Shares. The acquisition was made solely for investment purposes. R&R may, depending on various factors including, without limitation, market and other conditions, increase or decrease its beneficial ownership, control or direction over Shares or other securities of the Company. R&R is a private investment fund owned by billionaire and philanthropist Ronald Lauder, scion of the Estée Lauder fortune and Richard Parsons famed US banker and enterprise CEO. The fund is multi-disciplined and has investments across several sectors including mining, tech, industrial and energy. R&R, which has its head office at 767 5th Ave., Suite 4200, New York, New York 10153. R&R will be filing an early warning report in connection with the Common Shares acquired under the Transaction in accordance with applicable Canadian securities laws and will be available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or by contacting Jacqueline Scalisi of R&R at 212.572.3774.

Further details regarding the Transaction are contained in the press releases of the Company dated September 12, 2016, March 3, 2017 and March 30, 2017 and the Filing Statement dated March 29, 2017, which are accessible on SEDAR under the Company's profile, at [www.sedar.com](http://www.sedar.com).

### **About the Company**

The Company's business is diamond development, 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.

The material project of The Company is the 100%-owned advanced stage Catalão diamond project in Brazil. The Catalão Project, located in the famous Coromandel diamond district of Goiás State, Brazil, comprises one exploration licence covering 1,999.42 hectares. In addition, The Company has submitted applications for three exploration licences over proximate areas covering a total of 5,998.37 hectares. A pilot plant has been constructed at Catalão and commissioned, and an initial mining and pilot processing program has been completed at three diamond bearing kimberlite pipes. A feasibility study is currently underway to evaluate the fresh rock zone with completion of the study scheduled for the end of the second quarter of 2017.

In addition to owning one of the only kimberlite processing plant operating in Brazil today, the Company now controls a dominant position in the Brazilian diamond sector. Along with the Catalão Project, The Company has 21 other projects comprising an aggregate of 72 exploration licences and applications covering a total area of approximately 120,000 hectares. All of the Company's projects are 100% owned. A total of 15 diamond bearing kimberlite pipes have already been identified and sampled and a further 87 kimberlite pipes are to be tested across the Company's projects.

**Further Information**

For further information please contact:

Five Star Diamonds Limited  
Joe Burke, GM Marketing  
+55 21 2439 5700

*Information set forth in this news release contains forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, many of which are beyond the Company's control. Such factors include, among other things: variations in the nature, quality and quantity of any mineral deposits that may be located, significant downward variations in the market price of any minerals produced, the Company's inability to obtain any necessary permits, consents or 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.*

**NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**