



WE DISCOVER THE GEM

FURA GEMS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(Expressed in Canadian Dollars)

FURA GEMS INC.

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(Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

FURA GEMS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited)
(Expressed in Canadian Dollars)

	Note	September 30, 2019	December 31, 2018
		\$	\$
ASSETS			
Current			
Cash		3,226,568	77,168
Receivables		888,472	428,346
Prepaid expenses		2,079,204	385,835
Inventory		583,482	669,973
Total current assets		6,777,726	1,561,322
Property and equipment	4	4,995,494	1,116,353
Exploration and evaluation assets	5	30,267,955	30,178,915
TOTAL ASSETS		42,041,175	32,856,590
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	23,048,079	16,319,149
Loans payable	7	2,808,600	-
Lease liability	15	26,748	-
Total current liabilities		25,883,427	16,319,149
Non-current liabilities			
Long term liabilities	6	3,305,870	6,008,234
TOTAL LIABILITIES		29,189,297	22,327,383
EQUITY			
Share capital	8	60,137,474	39,601,837
Warrants	9	58,797	440,732
Contributed surplus	9	4,071,533	4,237,387
Accumulated deficit		(51,590,209)	(35,847,433)
TOTAL EQUITY ATTRIBUTED TO OWNER OF THE PARENT		12,677,595	8,432,523
Non-controlling interest		174,283	2,096,684
TOTAL EQUITY		12,851,878	10,529,207
TOTAL LIABILITIES AND EQUITY		42,041,175	32,856,590
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Approved and authorized by the Board on November 29, 2019.

On behalf of the Board:

“*Stan Bharti*”

 Director

“*Dev Shetty*”

 Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FURA GEMS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
(unaudited)
(Expressed in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
		\$	\$	\$	\$
EXPENSES					
Management and consulting fees	11	3,679,060	1,254,820	5,388,404	2,558,691
Share-based compensation	9,11	-	-	-	2,247,098
Exploration and evaluation expenditures	5	3,931,461	4,372,699	10,775,385	9,989,158
Office and administration		319,538	585,149	836,680	1,684,670
Professional fees		(109,779)	66,894	371,930	265,870
Travel		167,420	146,295	609,206	429,111
Amortization expenses	4	199,687	16,866	300,186	41,366
LOSS BEFORE OTHER ITEMS		(8,187,387)	(6,442,723)	(18,281,791)	(17,215,964)
OTHER ITEMS					
Interest income		(2,190)	-	(11,406)	(7,674)
Interest expense	5,6,7,12	1,035,806	273,914	1,724,868	744,570
Foreign exchange (gain) loss		(1,285,971)	(324,810)	(1,831,803)	273,420
TOTAL OTHER ITEMS		252,355	50,896	118,341	(1,010,316)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(7,935,032)	(6,391,827)	(18,163,450)	(18,226,280)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Shareholders of Fura		(7,110,827)	(5,776,816)	(16,241,049)	(16,592,642)
Non-controlling interest		(824,205)	(615,011)	(1,922,401)	(1,633,638)
		(7,935,032)	(6,391,827)	(18,163,450)	(18,226,280)
BASIC AND DILUTED NET LOSS PER SHARE		(0.06)	(0.06)	(0.13)	(0.19)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
Basic and diluted		135,161,147	102,377,810	134,895,632	94,361,830

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FURA GEMS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited)
(Expressed in Canadian Dollars)

	Note	Nine months ended September 30,	
		2019	2018
OPERATING ACTIVITIES			
Net loss for the period		\$ (18,163,450)	\$ (18,226,280)
Items not affecting cash:			
Share-based compensation	9	-	2,247,098
Accretion expenses	6	679,767	731,470
Amortization expenses	4	300,186	41,366
Unrealized loss on foreign exchange		(384,083)	586,157
		\$ (17,567,580)	\$ (14,620,189)
Change in non-cash working capital items			
Receivables and prepaids		(2,089,915)	(260,268)
Inventory		86,492	(206,186)
Accounts payable and accrued liabilities		6,363,064	1,308,854
Net cash used in operating activities		\$ (13,207,939)	\$ (13,777,789)
FINANCING ACTIVITIES			
Private placements	8	\$ -	\$ 15,273,091
Shares issued from warrants exercised	9	133,393	400,128
Shares issued from options exercised	9	25,000	172,000
Share and warrant issue costs	8,9	-	(446,676)
Shares to be issued	8	20,331,951	-
Loan provided	7	4,168,900	-
Loan repayment	7	(1,391,500)	-
Payment of principal portion of lease liability	15	(44,871)	-
Net cash provided by financing activities		\$ 23,222,873	\$ 15,398,543
INVESTING ACTIVITIES			
Acquisition of property and equipment	4,5	\$ (4,111,931)	\$ (498,728)
Coscuez acquisition payment	5	(2,677,240)	-
Acquisition of mining license	5	(89,040)	-
Acquisition of mining rights	4,5	-	(3,315,002)
Prepaid deposit	5	-	2,014,985
Cash received from acquisition of exploration and evaluation assets	5	-	62,397
Net cash used for investing activities		\$ (6,878,211)	\$ (1,736,348)
Effect of exchange rate changes on cash		12,677	37,809
CHANGE IN CASH DURING THE PERIOD		3,149,400	(77,785)
CASH - BEGINNING OF PERIOD		77,168	298,566
CASH - END OF PERIOD		\$ 3,226,568	\$ 220,781
SUPPLEMENTAL CASH FLOW INFORMATION			
Shares issued for acquisition of exploration and evaluation assets	5	\$ -	\$ 312,930
Property and equipment received on acquisition of exploration and evaluation assets for non-cash consideration	4,5	-	81,781
Inventory received on acquisition of exploration and evaluation assets for non-cash consideration	4,5	-	128,026
Discounted future payments for acquisition of mining rights	4,5	-	7,749,788
Finder warrants issued	8	-	58,798
Subscription receivables	8	4,752,124	-
Right of use asset	4	67,396	-

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FURA GEMS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

(Expressed in Canadian Dollars)

	Number of shares #	Share capital \$	Warrants \$	Contributed surplus \$	Non-controlling interest \$	Accumulated deficiency \$	Total \$
Balance, December 31, 2017	74,819,225	17,214,085	487,980	1,592,940	1,787,345	(11,804,052)	9,278,298
Private placement	43,679,549	21,184,215	-	-	-	-	21,184,215
Share issued for acquisition of exploration and evaluation assets	363,872	312,930	-	-	3,349,267	-	3,662,197
Share issue costs	-	(505,474)	-	-	-	-	(505,474)
Finder warrants issued	-	-	58,798	-	-	-	58,798
Warrants exercised	1,481,956	400,128	-	-	-	-	400,128
Value allocation on warrants exercised	-	106,046	(106,046)	-	-	-	-
Options exercise	950,000	172,000	-	-	-	-	172,000
Value allocation on options exercised	-	144,501	-	(144,501)	-	-	-
Options expired	-	-	-	(14,000)	-	14,000	-
Share-based compensation	-	-	-	2,247,098	-	-	2,247,098
Loss for the period	-	-	-	-	(1,633,638)	(16,592,642)	(18,226,280)
Balance, September 30, 2018	121,294,602	39,028,431	440,732	3,681,537	3,502,974	(28,382,694)	18,270,980
Balance, December 31, 2018	134,417,100	39,601,837	440,732	4,237,387	2,096,684	(35,847,433)	10,529,207
Adjustment on initial application of IFRS 16	-	-	-	-	-	(4,223)	(4,223)
Adjusted balance, January 1, 2019	134,417,100	39,601,837	440,732	4,237,387	2,096,684	(35,851,656)	10,524,984
Warrants exercised	494,047	133,393	-	-	-	-	133,393
Value allocation on warrants exercised	-	35,293	(35,293)	-	-	-	-
Options exercised	250,000	25,000	-	-	-	-	25,000
Value allocation on options exercised	-	10,000	-	(10,000)	-	-	-
Options expired	-	-	-	(155,854)	-	155,854	-
Warrant expiry	-	-	(346,642)	-	-	346,642	-
Shares to be issued	-	20,331,951	-	-	-	-	20,331,951
Loss for the period	-	-	-	-	(1,922,401)	(16,241,049)	(18,163,450)
Balance, September 30, 2019	135,161,147	60,137,474	58,797	4,071,533	174,283	(51,590,209)	12,851,878

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FURA GEMS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Fura Gems Inc. (the “Company” or “Fura”) was incorporated under the name Galena Capital Corp. pursuant to the provisions of the *Business Corporations Act* (British Columbia) on September 26, 2006. On September 26, 2012, the Company changed its name to Ferro Iron Ore Corp. At the Annual and Special Meeting of shareholders held on May 30, 2013, the shareholders of the Company approved the continuation of the Company from British Columbia to Ontario and a change in name to Wolf Resource Development Corp. The Company changed its name to Fura Emeralds Inc. on March 9, 2015 and to Fura Gems Inc. on April 11, 2017 to more accurately reflect the core business activities of the Company.

Fura is a natural resource company engaged in the acquisition, exploration and evaluation of properties in Colombia and Mozambique and is listed on the TSX Venture Exchange (“TSXV”). The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether the properties it currently holds contain economically recoverable ore reserves. Consequently, the Company considers itself to be in the exploration and evaluation stage.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amounts shown for exploration and evaluation assets and property and equipment is dependent upon the Company obtaining the necessary financing to complete the exploration and evaluation properties, the discovery of economically recoverable reserves and future profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The condensed consolidated interim financial statements are prepared on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next fiscal year.

At September 30, 2019, the Company had a negative working capital of \$19,105,701 and a cumulative loss since inception of \$51,590,209. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. However, there is no assurance that funds will continue to be available on terms acceptable to the Company or at all. These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments to the carrying value of the assets and liabilities that would be necessary should the Company be unable to continue operations. Such adjustments could be material.

The Company's registered office address is Suite 800 – 65 Queen Street West, Toronto Ontario, M5H 2M5.

FURA GEMS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements of the Company and its subsidiary for the three and nine months ended September 30, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. These condensed interim financial statements have been prepared in accordance with the accounting policies the Company adopted in its December 31, 2018 annual consolidated financial statements. Those accounting policies were based on IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations applicable at that time. Those policies have been consistently applied to all the periods presented in these condensed interim financial statements unless otherwise noted below. These condensed interim financial statements should be read in conjunction with the audited financial statements of Company for the year ended December 31, 2018.

These condensed consolidated interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on November 29, 2019.

Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

These condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries: Fura Emeralds (Barbados) Inc. in Barbados on June 12, 2014, Fura de Colombia S.A.S. in Colombia on January 20, 2015, Fura Services DMCC on June 22, 2017 in Dubai, Fura Coscuez Inc. incorporated on July 19, 2017 in the British Virgin Islands ("BVI"), Fura Gems and Mining Private Limited on August 18, 2017 in India, Lumi Madagascar Resources on August 12, 2019 in Madagascar, Vatomanga Resources on August 12, 2019 in Madagascar, Aria Gems on August 12, 2019 in Madagascar, Zava Resources on August 12, 2019 in Madagascar, Fura Gems FZE on April 28, 2019 in Dubai, and acquired Moon Mining SA, CCFM Minerals SA, Macassar Resources, Mozambique companies, Cobadale Limited, a Dubai Corporation, on November 27, 2017, Coscuez S.A, a Colombian company, acquired on January 22, 2018, and Mozambican Ruby Limitada, a Mozambican company acquired on October 17, 2019. All material intercompany transactions and balances between its subsidiaries have been eliminated on consolidation.

Non-controlling interest

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to conform to the Company's accounting policies.

FURA GEMS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency and translation

The functional currency of the Company is the currency of the primary economic environment in which it operates. The Company's condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("Foreign Currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in Foreign Currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in Foreign Currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign exchange gains and losses are recorded in operations in the statement of loss.

New accounting changes

Effective January 1, 2019, the Company adopted IFRS 16, Leases, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2019. IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases, as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. Effective January 1, 2019, the Company adopted this standard using the modified retrospective approach, under which the cumulative effect of initial application was recognized in retained earnings at January 1, 2019.

For contracts entered into before January 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17 Leases ("IAS 17") and its interpretive guidance. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset.

Upon transition to the new standard, lease liabilities were measured at the present value of the remaining lease payments discounted by the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets and lease liabilities were recognized on the consolidated statement of financial position with the cumulative difference recognized in retained earnings.

At transition, lease liabilities of \$71,619 and right-of-use assets of \$67,396 were recognized in the consolidated statement of financial position. The difference of \$4,223 was recognized as a reduction in retained earnings.

For contracts entered into subsequent to January 1, 2019, at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaced the previous requirement to recognize a provision for onerous lease contacts.

FURA GEMS INC.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018***(Expressed in Canadian Dollars)***2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of earnings.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

The Company reports its right-of-use asset as part of property, plant and equipment on the condensed consolidated interim statement of financial position. The table below shows the continuity schedule of the lease liability. See note 4 for continuity schedule of the right-of-use asset.

4. PROPERTY AND EQUIPMENT

Below summarizes the property and equipment as at September 30, 2019 and December 31, 2018.

	Land	Building	Software	Furniture / Fixture	Equipment	Vehicle	Right of use asset	Total
Net book value, December 31, 2017	-	-	-	-	41,411	24,320	-	65,731
Acquisition	19,947	45,368	95,207	24,958	850,625	79,684	-	1,115,789
Accumulated amortization	-	-	(3,650)	(2,268)	(42,451)	(16,798)	-	(65,167)
Net book value, December 31, 2018	19,947	45,368	91,557	22,690	849,585	87,206	-	1,116,353
Acquisition	-	2,920,262	17,601	1,607	1,172,461	-	-	4,111,931
IFRS 16	-	-	-	-	-	-	67,396	67,396
Accumulated amortization	-	-	(3,650)	(2,341)	(239,855)	(11,014)	(43,326)	(300,186)
Net book value, September 30, 2019	19,947	2,965,630	105,508	21,956	1,782,191	76,192	24,070	4,995,494

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

Below summarizes the exploration and evaluation assets as at September 30, 2019 and December 31, 2018:

Exploration and evaluation assets	Madagascar Licences	Colombia Emeralds Properties	Mozambique Ruby Properties	Total
Balance - December 31, 2017		\$ -	\$ 9,181,658	\$ 9,181,658
Acquisition - Coscuez		20,997,257	-	20,997,257
Balance - December 31, 2018	\$ -	\$ 20,997,257	\$ 9,181,658	\$ 30,178,915
Licence purchase	89,040	-	-	89,040
Balance - September 30, 2019	\$ 89,040	\$ 20,997,257	\$ 9,181,658	\$ 30,267,955

Colombia Coscuez Emerald Property

On January 22, 2018, the Company closed its acquisition of 76% of the issued and outstanding shares of Coscuez S.A. ("Coscuez"), which owns a 100% interest in mining licence no. 122 – 95M (the "Coscuez Licence"). The Coscuez Licence is valid until 2020, at which point the Company expects to apply for extensions, subject to governmental approval.

FURA GEMS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (CONTINUED)

Colombia Coscuez Emerald Property (continued)

Transaction term

As part of the consideration, Fura paid Emporium HS S.A.S. (“Emporium”) US\$2.50 million (approximately \$3.3 million) on closing and issued 363,872 common shares valued at \$312,930 based on the adjusted market value of the common shares. Fura owns a 76% interest in Coscuez and has assumed complete management control of the Coscuez mine effective January 22, 2018. Emporium will continue to hold a 20.10% free carried interest in Coscuez, subject to a shareholders’ agreement containing restrictions on transfer of shares, a right of first refusal, drag along rights and other terms standard for an agreement of this nature. The balance of 3.9% will continue to be held by third parties.

Under the terms of the share purchase agreement relating to the transaction, Fura has agreed to the following additional payments:

- US\$2.00 million (approximately \$2.6 million) on the 12-month anniversary of the closing (paid in full);
- US\$2.50 million (approximately \$3.3 million) on the 24-month anniversary of the closing (US\$200,000 paid to date); and,
- US\$3.00 million (approximately \$3.9 million) on the 36-month anniversary of the closing.

In addition, Fura will assume certain expenses of Coscuez not exceeding US\$5 million (approximately \$6.6 million). This amount has been included in accounts payable and accrued liabilities as at September 30, 2019. If Coscuez earns a net profit of US\$17 million (approximately \$22.5 million) or more in a fiscal year, then Fura will pay to Emporium an additional one-off bonus of US\$3 million (approximately \$3.9 million). No value has been recorded related to this contingent condition as no triggering event has taken place.

The Company advanced US\$1,500,000 (\$2,014,985) as deposit to Emporium against the purchase price during the year ended December 31, 2017 and paid an additional US\$1,000,000 (\$1,250,700) on closing.

Purchase price consideration

The acquisition is being treated as an asset acquisition for accounting purposes as Coscuez does not meet the definition of a business, as defined in IFRS 3, Business Combinations. No value has been ascribed to the contingent consideration.

Purchase price	
Cash consideration	\$ 3,265,685
Share consideration (363,872 common shares)	312,930
Future payments - US\$7.5 million discounted at 15%	6,978,078
Legal costs	49,317
Total purchase price	\$ 10,606,010
Fair value of assets acquired and liabilities assumed	
Cash	\$ 62,397
Amount receivables and prepaids	11,180
Inventory	128,026
Equipment	81,781
Accounts payable and accrued liabilities	(7,325,364)
Exploration and evaluation assets	20,997,257
Less: portion allocated to non controlling interest	(3,349,267)
Total net assets acquired	\$ 10,606,010

FURA GEMS INC.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018***(Expressed in Canadian Dollars)***5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (CONTINUED)**

Below summarizes the exploration and evaluation expenditures for the nine months ended September 30, 2019 and 2018:

	Nine months ended September 30,	
	2019	2018
<u>Colombia Coscuez Emerald Property (122 – 95M)</u>		
Consulting and labour	\$ 4,342,730	\$ 2,485,942
Legal, professional and due diligence	271,654	198,002
Field office and administration	76,401	220,570
Field expense, supplies and maintenance	2,135,931	1,238,497
License and land leases	-	1,142,871
Travel and accommodation	207,014	186,275
Equipment rental	387,510	105,464
Gem sales	-	26,262
Technical report	43,293	73,905
	\$ 7,464,533	\$ 5,677,788
<u>Mozambique Ruby</u>		
Consulting and labour	\$ 1,771,703	\$ 1,299,139
Drilling	-	183,267
Field office, supplies and repairs	688,520	602,963
Security	142,836	142,346
Travel and accommodation	103,433	252,408
Mining license	-	821,053
Legal, professional and due diligence	300,087	245,953
Technical report	1,500	174,093
	\$ 3,008,079	\$ 3,721,222
<u>Madagascar</u>		
Consulting and labour	151,543	\$ -
Field office and administration	80,126	-
Travel and accommodation	71,104	-
	\$ 302,773	\$ -
<u>Project Evaluations</u>		
Colombia	\$ -	\$ 350,729
Ethiopia	-	230,220
Mozambique	-	9,199
	\$ -	\$ 590,148
Total exploration and evaluation expenses	\$ 10,775,385	\$ 9,989,158

FURA GEMS INC.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018***(Expressed in Canadian Dollars)***6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LONG-TERM LIABILITIES**

Short Term	September 30, 2019	December 31, 2018
Corporate payable	\$ 8,467,244	\$ 3,055,394
Exploration and evaluation expenses payable	4,339,613	2,129,968
Agencia Nacional de Minería liabilities (i)	7,325,430	8,428,274
Coscuez acquisition payment (ii)	2,915,792	2,705,513
	\$ 23,048,079	\$ 16,319,149

Long Term		
Coscuez acquisition payment (ii)	\$ 3,305,870	\$ 6,008,234

- (i) The liabilities include full provision of the annual remittances for the 25-year mining license for Coscuez based on old mining code inclusive of interest and penalties owed to Agencia Nacional de Minería (“ANM”). This amount is subject to negotiation and the final settlement amount may differ.
- (ii) The outstanding amount of US\$5.3 million (approximately \$7.0 million) owing to Emporium (Note 5) was recognized at its estimated fair value of US\$4.9 million (approximately \$6.5 million) based on expected future payments, discounted at 15%. The interest rate was estimated based on interest rates available in the market on comparable debt issued to similar companies. The accretion of this liability is recorded as interest expense in the consolidated statement of loss.

7. LOANS PAYABLE

On January 9, 2019, the Company entered into a loan agreement with an arm’s length individual for a loan of US\$2,000,000 (\$2,648,600), bearing interest at 10% per annum. Interest accruing on principal is calculated and payable in monthly installments. Repayment of the loan was due on March 15, 2019. In the event of default, the lender, at their discretion, has an option to convert the outstanding loan plus a premium of 20%, and accrued interest into equity shares. This loan was repaid in full in October 2019.

On March 25, 2019, the Company entered into a loan agreement with Sulliden Mining Capital Inc. for a loan of \$160,000, bearing interest of 12% per annum. The principal and all accrued interest are due no later than June 23, 2019. On September 10, 2019, the Company negotiated an extension of the maturity date with the lender to December 31, 2019; the principle amount of the loan was also increased to \$169,734.

On March 29, 2019, the Company entered into a promissory note agreement with an arm’s length individual in the amount of US\$1,000,000 (\$1,336,300), bearing interest at 18% per annum. This note plus all accrued interest was due on May 13, 2019. The note was repaid in full in Q2 2019.

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8. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends and are entitled to one vote per share at shareholder meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

Issued and Outstanding

	Note	Number of Common shares	Amount
Balance, December 31, 2017		74,819,225	\$ 17,214,085
Private placement		56,802,047	26,433,214
Shares issued for property acquisition	5	363,872	312,930
Share issue costs		-	(428,943)
Warrants exercised		1,481,956	400,128
Value allocation on warrants exercised		-	106,046
Options exercised		950,000	172,000
Value allocation on options exercised		-	144,501
Balance, December 31, 2018, before subscription receivable		134,417,100	\$ 44,353,961
Subscription receivable		-	(4,752,124)
Balance, December 31, 2018		134,417,100	\$ 39,601,837
Warrants exercised		494,047	133,393
Value allocation on warrants exercised		-	35,293
Options exercised		250,000	25,000
Value allocation on options exercised		-	10,000
Shares to be issued		-	20,331,951
Balance, September 30, 2019		135,161,147	\$ 60,137,474

On February 16, 2018, the Company closed the second tranche of its non-brokered private placement of common shares. The Company issued 13,156,444 common shares pursuant to the second tranche at a price of \$0.60 per share for aggregate gross proceeds of \$7,893,866. The Company paid an additional finder fee of \$9,000.

On September 17, 2018, the Company closed a non-brokered private placement and issued 25,117,569 common shares at a price of \$0.40 per share for aggregate gross proceeds of \$10,047,028. All common shares issued were subject to a regulatory hold period of four months and one day, which expired on January 18, 2019. The Company paid cash commission of \$159,270 and issued 145,192 Finder Warrants. Each Finder Warrant shall entitle the holder to acquire one common share of the Company at a price of \$0.40 for a period of 24 months following the closing date of the financing. A related company participated and acquired 2,633,125 shares of this private placement for gross proceeds of \$1,053,250. Certain of the proceeds related to the 2018 private placements remained uncollected at September 30, 2019. This amount, totaling \$4,752,124, has been presented as a reduction of share capital as at September 30, 2019.

On December 10, 2018, the Company closed a non-brokered private placement and issued 13,122,500 common shares at a price of \$0.40 per share for aggregate gross proceeds of \$5,249,000. All common shares issued were subject to a regulatory hold period of four months and one day, which expired on April 11, 2019. No finder fees were paid in relation to the financing. A related company participated and acquired 3,300,500 shares of this private placement for gross proceeds of \$1,320,200.

The Company announced a private placement of \$30,375,000 in August 2019. This private placement had not closed at September 30, 2019, however, \$20,331,951 of funds had been received at September 30, 2019 related to the private placement.

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	Options			Warrants			Total Value
	Number of Options	Weighted Average Exercise Price	Value of Options	Number of Warrants	Weighted Average Exercise Price	Value of Warrants	
December 31, 2017	5,964,000	\$ 0.30	\$1,592,940	6,756,725	\$ 0.27	\$ 487,980	\$2,080,920
Granted / vested	7,101,881	\$ 0.46	\$3,295,448	225,220	\$ 0.47	\$ 58,798	\$3,354,246
Exercised	(950,000)	\$ 0.15	\$ (144,501)	(1,481,956)	\$ 0.27	\$(106,046)	\$ (250,547)
Expired	(200,000)	\$ 0.10	\$ (14,000)	-	\$ -	\$ -	\$ (14,000)
Forfeited	(1,170,000)	\$ 0.42	\$ (492,500)	-	\$ -	\$ -	\$ (492,500)
December 31, 2018	10,745,881	\$ 0.44	\$4,237,387	5,499,989	\$ 0.28	\$ 440,732	\$4,678,119
Granted / vested	-	\$ -	\$ -	-	\$ 0.47	\$ -	\$ -
Exercised	(250,000)	\$ 0.04	\$ (10,000)	(494,047)	\$ 0.27	\$ (35,293)	\$ (45,293)
Expired	(450,000)	\$ -	\$ (155,854)	(4,780,722)	\$ 0.08	\$(346,642)	\$ (502,496)
September 30, 2019	10,045,881	\$ 0.44	\$4,071,533	225,220	\$ 0.47	\$ 58,797	\$4,130,330

Stock Options

The Company has an incentive stock option plan (the “Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. A maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant, less any discount permitted by the TSXV at terms of up to five years.

The majority of stock options vest immediately on the date of grant unless otherwise required by the TSXV. A four month hold period applies to the underlying common shares.

On March 21, 2018, the Company granted 3,491,692 stock options to directors, officers and consultants of the Company. The options vested immediately, have an exercise price of \$0.67 and expire on March 21, 2023. The fair value of the options was estimated to be \$2,060,098 using the Black-Scholes option pricing model with estimated expected volatility at 137%; risk-free interest rate at 2.1%; expected life at 5 years; and expected dividend yield at 0%. In connection with the option grants, directors and officers of the Company were granted a total of 1,901,692 options.

On April 16, 2018, the Company granted 150,000 stock options to a consultant of the Company. The options vested immediately, have an exercise price of \$0.55 and expire on April 16, 2023. The fair value of the options was estimated to be \$69,000 using the Black-Scholes option pricing model with estimated expected volatility at 121%; risk-free interest rate at 2.12%; expected life at 5 years; and expected dividend yield at 0%.

On October 1, 2018, the Company granted 3,360,189 stock options to directors, officers and consultants of the Company. The options vested immediately, have an exercise price of \$0.38 and expire on October 1, 2023. The fair value of the options was estimated to be \$1,166,349 using the Black-Scholes option pricing model with estimated expected volatility of 151%, risk-free interest rate of 2.33%, expected life of 5 years, and expected dividend yield of 0%. In connection with the option grants, directors and officers of the Company were granted a total of 1,705,189 options.

The weighted average remaining contractual life of the options exercisable at September 30, 2019 was 3.4 years (December 31, 2018 – 4.0 years).

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9. RESERVES (CONTINUED)

Stock Options (Continued)

Common shares reserved pursuant to options outstanding and exercisable as at September 30, 2019 are presented below:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
1,200,000	1,200,000	16-Feb-17	16-Feb-22	\$ 0.23	\$ 252,000	\$ 0.23	150%	5	0%	1.18%
250,000	250,000	27-Mar-17	27-Mar-22	\$ 0.20	\$ 45,000	\$ 0.20	147%	5	0%	1.09%
726,000	726,000	26-May-17	26-May-22	\$ 0.43	\$ 283,140	\$ 0.43	153%	5	0%	0.96%
1,368,000	1,368,000	20-Sep-17	20-Sep-22	\$ 0.395	\$ 478,800	\$0.395	140%	5	0%	1.80%
3,041,692	3,041,692	21-Mar-18	21-Mar-23	\$ 0.67	\$ 1,794,598	\$ 0.67	137%	5	0%	2.10%
150,000	150,000	16-Apr-18	16-Apr-23	\$ 0.55	\$ 69,000	\$ 0.55	121%	5	0%	2.12%
3,310,189	3,310,189	1-Oct-18	1-Oct-23	\$ 0.38	\$ 1,148,995	\$ 0.38	151%	5	0%	2.33%
10,045,881	10,045,881				\$4,071,533					

Warrants

Common shares reserved pursuant to warrants and finder warrants outstanding and exercisable as at September 30, 2019 are presented below:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Grant date share price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
80,028	80,028	16-Feb-18	16-Feb-20	\$ 0.60	\$ 31,211	\$ 0.30	98%	2	0%	0.68%
145,192	145,192	17-Sep-18	17-Sep-20	\$ 0.40	\$ 27,586	\$ 0.41	84%	2	0%	2.13%
225,220	225,220				\$ 58,797					

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10. OPERATING SEGMENTS

The Company operates in Canada, Barbados, BVI, Colombia, Dubai, India and Mozambique. Information about the Company's assets by geographical location at September 30, 2019 and December 31, 2018 are detailed below:

	Canada	Barbados	BVI	Colombia	Dubai	India	Mozambique	Madagascar	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>September 30, 2019</u>									
Current assets	3,050,226	2,216	-	2,849,928	229,372	28,092	298,474	319,418	6,777,726
Property and equipment	1,787	-	-	1,482,211	77,064	-	3,428,095	6,337	4,995,494
Exploration and evaluation assets	-	-	-	20,997,257	-	-	9,181,658	89,040	30,267,955
Prepaid deposit	-	-	-	-	-	-	-	-	-
Total Assets	3,052,013	2,216	-	25,329,396	306,436	28,092	12,908,227	414,795	42,041,175
<u>December 31, 2018</u>									
Current assets	102,590	456	109	1,011,660	223,898	36,609	186,000	-	1,561,322
Property and equipment	-	-	-	505,820	21,483	-	589,050	-	1,116,353
Exploration and evaluation assets	-	-	-	20,997,257	-	-	9,181,658	-	30,178,915
Total Assets	102,590	456	109	22,514,737	245,381	36,609	9,956,708	-	32,856,590

11. RELATED PARTY TRANSACTIONS

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries at its respective ownership listed in the following table.

	<u>Country of Incorporation</u>	<u>% equity interest</u>
Fura Emeralds (Barbados) Inc.	Barbados	100%
Fura de Colombia S.A.S.	Colombia	100%
Fura Services DMCC	Dubai	100%
Fura Gems and Mining Private Limited	India	100%
Fura Coscuez Inc.	BVI	100%
Coscuez S.A.	Colombia	76%
Cobadale Limited	Dubai	100%
Moon Mining SA	Mozambique	80%
CCFM Internals SA	Mozambique	80%
Macassar Resources	Mozambique	80%
Fura Mozambique	Mozambique	100%
Lumi Madagascar Resources	Madagascar	100%
Vatomanga Resources	Madagascar	100%
Aria Gems	Madagascar	100%
Zava Resources	Madagascar	100%
Fura Gems FZE	Dubai	100%

During the nine months ended September 30, 2019 and 2018, related party transactions which are not disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a fee. During the nine months ended September 30, 2019, the Company incurred \$202,500 (nine months ended September 30, 2018 - \$50,281) of expenses for its proportionate share of shared office costs. Fred Leigh, a former director of Company, is also a director of 2227929 Ontario Inc.

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11. RELATED PARTY TRANSACTIONS (CONTINUED)

Summary of key management personnel compensation:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Consulting fees	\$ 2,820,473	\$ 324,391	\$ 3,420,759	\$ 930,658
Share-based compensation	-	-	-	1,121,998
	\$ 2,820,473	\$ 324,391	\$ 3,420,759	\$ 2,052,656

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

The Company has a diversified base of investors. To the Company's knowledge, other than Aberdeen International Inc., no shareholder holds more than 10% of the Company's common shares as at September 30, 2019 and December 31, 2018. Ryan Ptolemy, an officer of the Company, is also an officer of Aberdeen International Inc.

As at September 30, 2019, the Company had \$1,944,641 (December 31, 2018 - \$1,500,752) consulting fees and travel expenses owing to its key management personnel. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment and are due on demand.

See Notes 8, 9 and 14.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, other receivables, subscription receivables, accounts payable and accrued liabilities, and long-term liabilities. The fair value of the cash, other receivables, subscription receivables, and accounts payable and accrued liabilities financial instruments approximates their carrying values due to the short-term nature of these instruments and based on allowances recorded against the other receivables. The carrying amount and estimated fair value of the amounts owing to ANM are both \$7,325,430 (Note 6). The carrying amount and estimated fair value of the amounts owing to Emporium are \$6,221,662 and \$7,018,790 respectively (Note 5 and 6). The fair value of the amount has been estimated based on discounted future payments using estimated interest rates.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not engage in any hedging activity to mitigate the risk. As at September 30, 2019, the Company had the following financial assets and liabilities denominated in foreign currency presented below in Canadian dollars:

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12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

	US Dollars \$	Great British Pound \$	Arabian Dirhams \$	Indian Rupee \$	Mozambique New Metical \$	Colombia Peso \$	Malagasy Ariary \$
<u>September 30, 2019</u>							
Cash	1,817,273	-	32,312	21,094	181,178	870,874	30,362
Receivables	68,864	-	-	6,998	-	688,322	69,348
Accounts payable	(7,227,382)	(74,113)	-	(6,230)	(2,148,677)	(9,422,720)	(139,394)
Loan payable	(2,648,600)	-	-	-	-	-	-
Long term liabilities	(3,305,870)	-	-	-	-	-	-
	(11,295,715)	(74,113)	32,312	21,862	(1,967,499)	(7,863,524)	(39,684)

A strengthening (weakening) of the Canadian dollar against the Arabian Dirhams, Colombian Peso, Indian Rupee, Mozambique New Metical and United States dollar of 1% would decrease (increase) net loss by approximately \$211,000.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions. The Company's financial instruments are not exposed to significant credit risk.

c) 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 exposed to limited interest rate risk as its current loans are based on fixed interest rates. However, should the Company need to renegotiate these loans, an increase or decrease 1% in interest rates on these loans would result in a corresponding change in interest expense of \$26,000 per annum.

The Company's cash are subject to interest rate cash flow risk as they carry variable rates of interest. Based on cash balances on hand at September 30, 2019, a 1% change in interest rates could result in a corresponding change in annual net loss of approximately \$32,000.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

	Carrying Amount	Contractual Cash flow	1-Oct-19 to 30-Sep-20	1-Oct-20 to 30-Sep-21	1-Oct-21 to 30-Sep-22	Thereafter
Corporate payable	\$ 8,467,244	\$ 8,467,244	\$ 8,467,244	\$ -	\$ -	\$ -
Exploration and evaluation costs payable	4,339,613	4,339,613	4,339,613	-	-	-
Loans payable	2,808,600	2,808,600	2,808,600	-	-	-
Agencia Nacional de Minería liabilities	7,325,430	7,325,430	7,325,430	-	-	-
Coscuez acquisition payment	6,221,662	7,018,790	3,045,890	3,972,900	-	-
	\$29,162,549	\$29,959,677	\$ 25,986,777	\$3,972,900	\$ -	\$ -

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12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

e) **Commodity price risk**

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of certain minerals. The Company monitors gem prices to determine the appropriate course of action to be taken.

13. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity and loans. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company did not change its approach to capital management during the nine months ended September 30, 2019.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2019, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

14. COMMITMENTS AND CONTINGENCIES

Management Contracts

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately \$2,868,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed consolidated interim financial statements. Minimum commitments remaining under these contracts are approximately \$1,307,000 all due within one year.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Property payments

As part of the Company's purchase of Cobadale Limited, the Company has agreed to issue five million Fura shares if any of the assets becomes a mining concession pursuant to the laws of Mozambique on or before September 19, 2019. As at September 30, 2019, no shares had been issued in relation to this contingency.

See Note 5.

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15. LEASE LIABILITY

On March 9, 2018, the Company entered into a lease agreement for office space in Bogota, Colombia. The monthly rent payable under the terms of the lease is COP12,000,000 (\$5,028) plus applicable service charges. The rent payable is subject to an annual increase based on the percentage increase in the Colombian minimum salary over the prior year, assessed annually. The lease is for fixed term of two years commencing March 9, 2018. The Company used a discount rate of 8.25% in determining the present value of the lease payments.

Lease liability at January 1, 2019	\$	71,619
Interest expense	\$	3,096
Lease payments	\$	(47,967)
Lease liability, September 30, 2019	\$	26,748

16. SUBSEQUENT EVENTS

Private Placement

On October 10, 2019, the Company closed its first tranche of its previously announced non-brokered private placement of \$33,877,000. The Company issued 106,754,408 common shares at a price of \$0.25 per share for aggregate gross proceeds of \$26,688,602. All common shares issued are subject to a regulatory hold period of four months and one day, expiring February 11, 2020. No finder fees were paid in relation to the financing. In connection with the private placement, directors and officers of the Company participated and acquired an aggregate of 11,850,000 common shares for gross proceeds of \$2,962,500.

Acquisition of Mining License 5572L

On October 17, 2019, the Company announced that it had successfully completed the acquisition of a 100% interest in ruby prospecting licence number 5572L (the "Licence") in the Montepuez District of Cabo Delgado province in Mozambique. Pursuant to the share purchase agreement dated July 24, 2018, as amended, one of the Company's wholly owned subsidiaries acquired 100% of the quotas of Mozambican Ruby Ltda. (which holds a 100% interest in the Licence). The Company issued 1,364,338 common shares of the Company, paid US\$381,000 (\$496,588) in cash to the vendor and paid US\$993,900 (\$1,306,283 to discharge certain trade liabilities and US\$345,000 (\$458,609) to discharge certain tax liabilities of the vendor in consideration for the Licence. The common shares issued are subject to a regulatory hold period of four months and one day, expiring February 18, 2020.