FURA GEMS INC.

Management's Discussion and Analysis
For the Three and Nine months ended September 30, 2019

Date: November 29, 2019

BACKGROUND

This Management's Discussion and Analysis ("MD&A") focuses upon the activities, results of operations, liquidity, financial condition and capital resources of Fura Gems Inc. together with its wholly owned subsidiaries (collectively, "Fura" or the "Company) for the three and nine months ended September 30, 2019. The MD&A should be read in conjunction with the September 30, 2019 condensed consolidated interim financial statements and notes thereto. These condensed consolidated interim financial statements and related notes of Fura have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the consolidated financial statements, as well as the reported amounts of revenues earned, and expenses incurred during the year. Actual results could differ from those estimates.

This MD&A contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Ricardo A. Valls, P. Geo., is a qualified person as defined under National Instrument 43-101, has reviewed and approved the scientific and technical information in this MD&A.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain statements in this document contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of emeralds, gemstones and other minerals and precious stones; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; the intention of the Company to raise additional capital in the future; the ability of the Company to complete ongoing acquisitions; the intention of the Company to pursue acquisition opportunities; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and *may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward-looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

OVERVIEW OF THE COMPANY

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on September 26, 2006 as Galena Capital Corp. 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 approved a change of name from Ferro Iron Ore Corp. to Wolf Resource Development Corp. and the continuation of the Company from the Province of British Columbia to the Province of Ontario which became effective on June 14, 2013. At the annual and special meeting of shareholders held on June 5, 2014, the shareholders approved a change of name from Wolf Resource Development Corp. to Fura Emeralds Inc. which became effective on March 9, 2015. The Company changed its name to Fura Gems Inc. on April 11, 2017 following the approval by the shareholders on March 30, 2017 to more accurately reflect the core business activities of the Company.

The Company incorporated 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. The Company is a natural resource company which is engaged in the acquisition and exploration of resource properties. The Company currently has ruby licences in the Montepuez district of Cabo Delgado province in Mozambique. The Company also acquired a Coscuez emerald licence in San Pablo de Borbur, Boyacá District of Colombia in 2018. The Company presently has no proven or probable reserves and based on information to date, it has not yet determined whether this property contains economically recoverable ore reserves.

RESULTS OF OPERATION – EXPLORATION

<u>Colombia Coscuez Emerald Property</u>

On January 22, 2018, the Company closed its acquisition of 76% of the issued and outstanding shares of Esmeracol S.A. ("Esmeracol"), which owns a 100% interest in mining licence no. 122 – 95M (the "Coscuez Licence").

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. Fura owns a 76% interest in Esmeracol and has assumed complete management and control of the Coscuez Emerald Mine effective January 22, 2018. Emporium / Green Mountain will continue to hold a 20.10% free carried interest in Esmeracol, 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 on the 12-month anniversary of the closing (US$2,000,000 ($2,677,240) paid);
- US$2.50 million (approximately $3.3 million) on the 24-month anniversary of the closing; 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 Esmeracol not exceeding US$5 million (approximately $6.6 million). If Esmeracol 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).

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

Results, Development and Future Plans

In September 2018, Fura Gems Inc. completed Phase 1 of the diamond core drilling program at the Coscuez Emerald Mine in Boyaca, Colombia. The diamond core drilling program commenced on May 28, 2018, in the La Paz tunnel within the Coscuez project. During Phase 1, a total of 10,000 tonnes of material was mined between various levels of the La Paz tunnel (900m) and down to 770m levels. Phase 2 of the bulk sampling program has been initiated with a larger size stope, to further define the mineralization. The Company will look to complete the balance of 20,000 tonnes of the Bulk Sampling Program in 2019.

The La Paz tunnel has been actively mined for more than 25 years with 10 levels of development, and to date no drilling activity in the Coscuez Emerald Mine has been recorded. Fura has started underground drilling for the first time at this project. This is a unique drilling program in which drill collars are located from inside the orebody with a plan to intersect the overburden with angular holes. Vertical holes are planned to study the subsurface continuity of the orebody.

After geological mapping and tachometric survey of the tunnels, the Company drilled from levels minus 88, minus 110 and minus 120 to evaluate the continuity of the mineralization, as there was no information below the minus-120 level nor along strike.

The drilling program will provide information about the strike and depth continuity of the emerald-hosting horizons and support identification of new targets for emerald mineralization. The results of the program will lead the establishment of geological and structural controls and alteration systems associated with emerald mineralization, information which will guide mine planning.

A total of 15 horizontal and inclined boreholes are planned from within the emerald-hosting horizon in the tunnels. The latter is focused on time and cost-efficiency, as collaring holes in near surface and from the top involve drilling through significant overburden, as well as intersecting unknown old works.

The Muzo formation that hosts the emerald mineralization is mapped within the tunnels and is represented by different types of shale. The rocks have a regional strike of north-northeast-south-southwest with very steep dips and exhibit local rotation of strike due to structural disturbances.

The mineralized emerald zone also runs near vertical, controlled by structures and hydrothermal alterations. The drill holes are planned to intersect the structures associated with emerald mineralization and hydrothermally altered zones within the Muzo formation. The holes will be closed at the non-mineralized part of the Muzo formation or in the overlying Capotes formation.

Based on initial results, additional drilling will be carried out in the La Paz and other tunnels within the Coscuez Emerald Mine. The data collected from the drilling program will be utilized in constructing a 3-D model of the deposit, will help to establish better controls on grade, and establish an estimate of mineral resources and reserves. The company is confident that drilling will confirm the emerald-bearing mineralized zone continues at greater depth and farther along strike.

On May 5, 2018, Fura announced the discovery of a rare and exceptional 25.97-carat rough emerald at its Coscuez Emerald Mine, located in Boyaca, Colombia. This Colombian emerald is believed by the Company to be considered rare and exceptional due to its size, colour saturation and clarity. The discovery was made as part of a continuing bulk sampling program that commenced in late March 2018. The 25.97-carat emerald has been named the ARE emerald, named after a figure in ancient Colombian mythology responsible for the creation of the primary sources of emeralds in Colombia's Boyaca region: the Fura and Tena mountains, as well as the Rio Minero River.

In the initial 214 tonnes of bulk sampling, 850 carats of high-quality gemstones were discovered. Upon the completion of Phase 1 of the bulk sampling program, 9,737 tonnes of material were mined in which a total of 12,845 carats of rough emeralds have been discovered. The Company plans to inventory the emeralds from the bulk sampling program to begin formulating a grading system for Colombian rough emeralds. Phase 2 of the bulk sampling program was initiated with a large size stope, to further define the mineralization.

The Diamond Drilling Program (the "Program") initiated in May 2018, covered 2,500m, with the aim of delineating the subsurface mineralized zone at the Coscuez Emerald Mine. Core drilling has been conducted whereby the mineral body is drilled from inside to outside. To date, 1,183m of drilling has been completed. Initial results from the Program demonstrate down dip continuity of the mineralized body for another 200m below the lowest tunnel with a total potential emerald bearing horizon of 632m along the down dip, with thickness of 200m at the top, tapering to 100m towards the bottom.

The Company has also made significant progress on the pilot wash plant, which will support the bulk sampling process with a nameplate capacity of 30 tons per hour. The design phase has now been completed, and the Company expects the plant to be commissioned in 2019.

The Company cautions that it is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability, and as a result, there is increased uncertainty, and there are multiple technical and economic risks of failure, which are associated with this production decision. These risks, among others, include areas that are analyzed in more detail in a feasibility study, such as applying economic analysis to resources and reserves and a number of specialized studies in areas, such as mining and recovery methods, market analysis, and environmental and community impacts.

On May 2, 2018, Fura engaged Toronto-based Watts, Griffis and McOuat Ltd. (WGM), an independent firm of geological and mining consultants, to ensure the disclosure of all existing data, and proposed work and plans for its Coscuez Emerald Mine in Colombia are compliant with Canadian National Instrument 43-101 and the council of the Canadian Institute of Mining, Metallurgy and Petroleum standards and definitions, and best practices guidelines. The maiden NI 43-101 mineral resource estimate report for the Coscuez Emerald Mine was published in January 2019.

Mozambique Ruby Properties

On November 27, 2017, the Company closed its acquisition of all of the issued and outstanding shares of Cobadale Ltd., which, will own an 80% effective interest in four ruby licences and has applied for an additional ruby licence in the Montepuez district of Cabo Delgado province in Mozambique. The licences expire at various dates through to 2020, with renewals available, subject to application and negotiation with government ministries. There can be no assurance that renewal applications will be accepted and approved. If renewals are not received, the property carrying value may be impaired. At September 30, 2019, Fura holds an 80% effective interest in the assets with the remaining 20% interest, non-dilutive and free carry, being held by the respective local partners. The assets cover approximately 394.24 square kilometres (39,424.51 hectares).

Fura purchased from the shareholders of Cobadale Limited all of the issued and outstanding shares of Cobadale Limited in consideration for Fura paying to the vendors US$800,000 in cash and issuing 15 million common shares of Fura on the following schedule:

- 10 million Fura shares on the closing of the transaction issued, valued at $6,400,000 based on the adjusted market value of the common shares;
- Five million Fura shares if any of the assets becomes a mining concession pursuant to the laws of Mozambique on or before Sept. 19, 2019.

Mozambican Ruby Limitada

On October 17, 2019, one of the Company's wholly owned subsidiaries closed its acquisition (the "Acquisition") of 100% of the quotas of Mozambican Ruby Ltda. ("MRL"), which owns a 100% interest in ruby prospecting licence 5572L in the Montepuez District of Cabo Delgado province of Mozambique, pursuant to the share purchase agreement dated July 24, 2018, as amended (the "Agreement").

The aggregate purchase price pursuant to the Agreement is as follows:

- US$381,000 ($496,588) in cash paid to the vendors;
- US$993,900 ($1,306,283) paid to discharge certain of MRL's creditor liabilities;
- US$345,000 ($458,608) paid to discharge certain of MRL's tax liabilities; and
- 1,364,338 common shares in the capital of the Company ("Fura Shares") issued on closing.

The Fura Shares will be subject to a regulatory hold period of four months and one day from the closing of the Acquisition. The Acquisition closed in October 2019.

Ruby Assets Merger

Fura and a wholly owned subsidiary of the Company have entered into a merger of ruby assets agreement (the "Merger of Assets Agreement") dated July 14, 2018 with New Energy Minerals Ltd. ("NXE", formerly Mustang Resources Limited), a publicly traded company on the Australian stock exchange, and Montepuez Minerals Pty Ltd., a subsidiary of NXE. Pursuant to this agreement, Fura will acquire the controlling ownership in various entities owned by NXE, that together own three mineral exploration licences (licence numbers 5030L and 8921C, with the right to earn a 65% interest in mining concessions 8955C under a joint venture agreement) in Mozambique. The aggregate purchase price pursuant to the Merger of Assets Agreement is A$2,800,000 and shall be payable as outlined below.

- Cash consideration of A$2.8 million by way of an A$2.8 million Loan Agreement entered into between Fura and NXE;
- the final date for satisfying the conditions to closing the agreement has been extended to November 30, 2019, which date is extendable by Fura, pursuant to a Merger of Ruby Assets Amending Agreement; and
- Fura purchases additional and strategic ruby wash plant capacity in Mozambique from NXE for A$489,440.

The Merger of Assets Agreement is an arm's length transaction for the purposes of the policies of the TSX Venture Exchange ("TSXV") and is subject to the approval of the TSXV. Fura will not pay any finder's fees in connection with the Merger of Assets Agreement. The closing of the Merger of Assets Agreement is subject to the satisfaction of customary conditions precedent, including, inter alia, receipt of ministry and joint venture authorizations, approval of the TSXV and the provision of applicable legal opinions concerning the title to the Assets.

Mozambique Operations Update

On January 25, 2018, the Company announced its maiden operations update, including drilling results, for its four ruby licences **4392, 3868, 3869** and **6811** (collectively, the "Ruby Assets" or "Licences") in Mozambique. Fura prepared this operations update to provide investors with additional information on the exploration, planning, drilling, sampling, washing, sorting and the geological studies carried out by the Company from October 4, 2017 to the present date.

Key Highlights

- Fura acquired an 80% interest in ruby licences 4392, 3868, 3869 and 6811, covering a total area of 394.24 Km^2, in September 2017. These licences are located within the Montepuez complex in Mozambique.

- Fura acquired a 100% interest in ruby licence 5572L. The licence is located in the Montepuez District of Cabo Delgado province of Mozambique.

- Fura has set up an operational office in Montepuez with 42 employees consisting of mining engineers, geologists, gemmologists, finance, security and other support team members.

- A drilling contractor has been appointed and the facility consisting of the pilot wash-plant has been commissioned to wash the drilling samples. A sort-house facility consisting of expert geologists has been commissioned in Montepuez.

- The auger (non-core) and core drilling program was commenced in October 2017 to delineate the thickness of the gravel bed ("secondary ruby mineralization") and ruby bearing amphibolite rock ("primary ruby mineralization").

- The first phase of the drilling program consists of 5,000 metres (400m x 200m grid), of which 2,350 metres of non-core drilling has been completed to date.

- A total of 399 non-core bore holes have been drilled and 627 wash samples have been completed. Out of the 399 bore holes, 49 positive bore holes of gravel bed ("secondary ruby mineralization") have been intersected.

- Out of 627 wash samples (including gravels), a total of 316 samples (50%) have been processed and sorted.

- The wash results have generated 926.1 carats of Ruby, Corundum and Garnets.

Infrastructure Set-up

Fura set up its administrative office in Maputo, Mozambique in October 2017 and has a total of four employees. The Montepuez project office was set up in July 2017 and at present has over 42 employees. The project office houses the exploration, human resources, finance and administration departments.

Exploration and washing at the Licences is being carried out by three senior geologists, assisted by a team of six junior geologists, two sorters and technical assistants.

The exploration camp of Fura is situated in the village of Merenje, which is 35 kilometres northeast of Montepuez city. A team of exploration geologists, samplers, sorters and drilling crew consisting of about 25 people are presently working on site.

Fura has also acquired a Bushman Jig from South Africa for washing of the samples. The jig was commissioned in January 2018.

RESULTS OF OPERATIONS - FINANCIAL

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 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		17,245	-	8,029	(7,674)
Interest expense	5,6,7,12	852,534	273,914	1,541,596	744,570
Foreign exchange (gain) loss		(1,122,134)	(324,810)	(1,667,966)	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)

Exploration and Evaluation Expenditures

	Nine months ended September 30, 2019		2018	
Colombia Coscuez Emerald Property (122 – 95M)				
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
Mozambique Ruby				
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
Madgascar				
Consulting and labour		151,543	$	-
Field office and administration		80,126		-
Travel and accommodation		71,104		-
	$	302,773	$	-
Project Evaluations				
Colombia	$	-	$	350,729
Ethiopia		-		230,220
Mozambique		-		9,199
	$	-	$	590,148
Total exploration and evaluation expenses	$	10,775,385	$	9,989,158

The Company's emerald concession in Colombia is at the exploration phase and has not generated any material revenues.

During the three and nine months ended September 30, 2019, the Company recorded a net loss of $7,935,032 and $18,163,450 compared to $6,391,827 and $18,226,280 for the same periods in 2018.

During the three and nine months ended September 30, 2019, management and consulting fees were $3,679,060 and $5,388,404 from $1,254,820 and $2,558,691 for the same periods in the prior year. The increase was primarily due to bonuses paid in 2019.

During the three and nine months ended September 30, 2019, $nil share-based compensation was recorded compared to $nil and $2,247,098 for the same periods in 2018. The share-based compensation was from stock options granted to directors, officers and consultants of the Company. Share-based compensation represents a non-cash charge resulting from applying the fair value method on stock options issued.

During the three and nine months ended September 30, 2019, exploration and evaluation expenditure was to $3,931,461 and $10,775,385 from $4,372,699 and $9,989,158 for the same periods in the prior year. The increased spending was primarily related to the Coscuez Emerald Mine acquisition that closed on January 22, 2018, as well as exploration activities related to the Company's Mozambique ruby licences.

Office and administration costs decreased to $319,538 and $836,680 for the three and nine months ended September 30, 2019, from $585,149 and $1,684,670 compared to the same periods in the prior year. The decrease in 2019 was due to decreased shareholder's communications and marketing initiatives by the Company's on its projects and other business development activities.

Professional fees were a recovery of $109,779 and expense of $371,930 for the three and nine months ended September 30, 2019, compared to expenses of $66,894 and $265,870 in the same periods in the prior year. The year to date increase was primarily due to professional fees related to the Company's subsidiaries in India, Dubai, BVI, and Colombia, combined with advisory fees in 2019.

Travel for the three and nine months ended September 30, 2019 was $167,420 and $609,206, compared to $146,295 and $429,111 for the same period in the prior year due to travel activities of overseas executives and consultants.

Interest income for the three and nine months ended September 30, 2019 was $2,190 and $11,406, compared to $nil and $7,674 for the same period in the prior year for interest earned on cash balances.

Accretion and interest expense for the three and nine months ended September 30, 2019, was $1,035,806 and $1,724,868 compared to $273,914 and $744,570 for the same periods in 2018. The interest expense in 2019 was primarily due to accretion charges for the future installment payments on the Coscuez Emerald Mine acquisition.

The Company recorded net foreign exchange gain of $1,285,971 and $1,831,803 for the three and nine months ended September 30, 2019, compared to a gain of $324,810 and a loss of $273,420 in the same periods of the prior year. The foreign currency loss reflects the fluctuation of currency exchange in working capital balances denominated in Arabian Dirhams, Colombian Peso, Indian Rupee, U.S. dollars and Mozambique New Metical.

Cash Flows

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	$	$	$	$
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES	(5,452,421)	(4,242,251)	(13,207,939)	(13,777,789)
FINANCING ACTIVITIES	9,602,297	3,963,101	23,222,873	15,398,543
INVESTING ACTIVITIES	(3,523,538)	(98,316)	(6,878,211)	(1,736,348)
EFFECT ON EXCHANGE RATE ON CASH	(23,097)	7,614	12,677	37,809
INCREASE IN CASH	603,241	(369,852)	3,149,400	(77,785)

Cash used in operating activities during the three and nine months ended September 30, 2019 was $5,452,421 and $13,207,939, compared to cash used in operating activities of $4,242,251 and $13,777,789 during the three and nine months ended September 30, 2018. The year to date decrease in 2019 was primarily due to lower office and administration expenses, partially offset by increased exploration and evaluation expenditures and increased management and consulting fees, combined with changes in non-cash working capital.

Cash provided from financing activities during the three and nine months ended September 30, 2019 was $9,602,297 and $23,222,873 compared to cash provided by financing activities of $3,963,101 and $15,398,543 during the three and nine months ended September 30, 2018. Cash flow in 2019 was primarily the result of a loans for $2,732,529, combined with cash received for shares to be issued of $20,331,951, and warrant and stock option exercises of $158,393. Cash flow in 2018 was primarily provided through $15,273,901 in private placement financing, combined with nominal stock option and warrant exercises.

Cash used in investing activities during the three and nine months ended September 30, 2019 was $3,523,538 and $6,878,211 compared to $98,316 and $1,736,348 during the three and nine months ended September 30, 2018. Investing in 2019 was primarily due to payment due on the 12-month anniversary of the Coscuez Emerald Mine acquisition in the amount $2,677,240, combined with fixed asset acquisitions of $4,111,931 and the acquisition of a new mining license for $89,040. The spending in 2018 was primarily related to the purchase of the Coscuez Licence.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

As at September 30, 2019, the Company had a negative working capital position of $19,105,701 and a cash position of $3,226,568 whereas at December 31, 2018 the Company had a negative working capital position of $14,757,827 and a cash position of $77,168. The Company's working capital position is determined by the timing of its equity raises and exploration and evaluation expenditures.

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 accrued interest into equity shares. 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.

The Company does not currently have any revenue generating assets or operations. The Company will require additional financial resources to pay the balance of the acquisition costs outstanding as well as the exploration costs to quantify and develop its properties. The continued operations of the Company and the recoverability of the amounts reported for resource property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to pay the balance of acquisition costs owing, complete exploration and development programs, and upon future profitable production. If the Company is unable to raise additional capital, it may not be able to continue as a going concern.

SELECTED ANNUAL INFORMATION

	Years ended December 31,		
	2018	**2017**	**2016**
Net Loss attributed to shareholders of the company	$24,549,881	$9,519,668	$713,496
Total Assets	$32,856,589	$11,980,857	$648,288
Non-current liabilities	6,008,234	-	-
Loss per share, basic and diluted	$0.27	$0.18	$0.02

SUMMARY OF QUARTERLY RESULTS

The Company is at the exploration and evaluation stage, and accordingly does not generate any revenues to offset its expenditures. As a result, the Company is usually in a net loss position.

	30-Sep 2019	**30-Jun 2019**	**31-Mar 2019**	**31-Dec 2018**
Net Loss attributed to shareholders of the company	$7,110,827	$4,179,623	$4,950,599	$7,957,239
Loss per share, basic and diluted	$0.06	$0.03	$0.04	$0.08
Total assets	$42,041,175	$36,385,105	$34,791,715	$32,856,589

	30-Sep 2018	**30-Jun 2018**	**31-Mar 2018**	**31-Dec 2017**
Net Loss attributed to shareholders of the company	$5,776,816	$4,452,293	$6,363,533	$3,676,056
Loss per share, basic and diluted	$0.06	$0.05	$0.08	$0.06
Total assets	$37,951,632	$34,224,367	$36,425,542	$11,980,857

OUTLOOK

The Company's focus remains the evaluation of the potential of its Coscuez Licence and Mozambique ruby licences, as well as identifying additional opportunities which would create value for Fura's shareholders.

The Coscuez Licence covers an area of 46 hectares and includes exclusive rights for the exploration, construction and mining of emerald deposits granted by the Government of the Republic of Colombia within the area historically known as the "Coscuez Mine" in the municipality of San Pablo de Borbur, Department of Boyacá. The population of San Pablo de Borbur municipality is 9,189 people, with 28.69% of the population resident in the village (vereda) of Coscuez. The municipality is predominantly rural with a local economy currently based on the twin activities of mining and farming. Fura will continue mining activities on the Coscuez Licence with the view to improve and optimize mining operations.

RELATED PARTY TRANSACTIONS

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

	Country of Incorporation	% equity interest
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 Interals SA	Mozambique	80%
Macassar Resources	Mozambique	80%
Cobadale 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 consolidated 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.

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. 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 or due on demand.

CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them.

Title to exploration and evaluation property interests
Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Allowance for other receivable
The fair value of the Company's other receivable is considered to be the fair value of the amount expected to be received. Subsequent provisions for impairment are considered when amounts become past due or when other objective evidence is received that a specific counterparty will default.

Estimated useful life of property and equipment
Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

Rehabilitation provisions
The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Impairment of exploration and evaluation assets
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Determination of a business
Determination of whether a set of assets acquired, and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes, that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders. During the year ended December 31, 2018, the Company concluded that Coscuez S.A. did not meet the definition of a business, and accordingly, the acquisition was accounted for as an asset acquisition.

The assumptions with respect to valuation of contingent considerations require a high degree of judgment and includes estimates for future operating performance and discount rates. Under the terms of the acquisitions of Coscuez S.A. and Cobadale Ltd., the Company is obligated to pay certain additional consideration amounts based on performance milestones being met. As at September 30, 2019 and December 31, 2018, these milestones had not been met.

CONTINGENCIES

Refer to the Financial Commitments, Contingencies and Litigation section, and Risks and Uncertainties section.

NEW AND FUTURE ACCOUNTING CHANGES

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.

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.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 $8,408,158. The carrying amount and estimated fair value of the amounts owing to Emporium are $7,749,788 and $9,007,727 respectively. 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:

	US Dollars $	**Great British Pound** $	**Arabian Dirhams** $	**Indian Rupee** $	**Mozambique New Metical** $	**Colombia Peso** $	**Malagasy Ariary** $
September 30, 2019							
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)	(9,302,622)	(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)	(7,743,426)	(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 Mineria 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	$ -	$ -

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.

OFF BALANCE SHEETS ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL COMMITMENTS, CONTINGENCIES AND LITIGATION

The Company is not currently involved in any legal disputes. Management is not aware of any significant financial commitments or 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 consolidated 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

See Result of Operation – Exploration and Outlook sections for details.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

While the Company's consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast doubt about the validity of that assumption.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operations costs are greater than projected. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Licences and Permits, Laws and Regulations

The Company's exploration activities require permits and approvals from various government authorities, and are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no assurance that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or to operate its mining facilities.

The costs and potential delays associated with obtaining or maintaining the necessary authorizations and licences and complying with these authorizations, licences and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the exploration of its mineral properties. Any failure to comply with applicable laws, regulations, authorizations or licences, even if inadvertent, could result in interruption or termination of exploration, development or mining operations or logistics operations, or material fines, penalties or other liabilities that could have a material adverse effect on the Company's business, reputation, properties, results of operations, financial condition, prospects or community relations. Claims, lawsuits and injunctions may be brought by parties looking to prevent the Company from advancing its projects. The Company can make no assurance that it will be able to maintain or obtain all of the required mineral licences and authorizations on a timely basis, if at all. There is no assurance that it will obtain the corresponding mining concessions, or that if they are granted, that the process will not be heavily contested and thus costly and time consuming to the Company. In addition, it may not obtain one or more licences. Any such failure may have a material adverse effect on the Company's business, results of operations and financial condition.

Illegal Miners

The Company's mining concessions are held in remote areas of Colombia and Mozambique where artisanal and illegal miners are present. As the Company further explores and advances mining projects towards production, the Governments must evict or negotiate with illegal miners operating on the Company's mining concessions illegally. There is risk that such illegal miners may oppose the Company's operations and efforts to evict them from the Company's mining concessions may result in violence, the destruction of the Company's property, the physical occupation of the Company's current mine or a disruption to the planned development and/or to mining and processing operations; all of which could have a material adverse effect on the Company.

No Revenues

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Foreign Country and Political Risk

The Company's emerald concession is located in Colombia. The Company is subject to certain risks, including currency fluctuations, possible political or economic instability that may result in the impairment or loss of mineral titles or other mineral rights, opposition from environmental or other nongovernmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, royalties on production, expropriation of property, environmental legislation and mine and/or site safety.

Colombia remains a developing country. Notwithstanding the progress achieved in restructuring Colombian political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain progress achieved. Although the Colombian economy has experienced growth in recent years, if the economy of Colombia fails to continue growth or suffer recession, it may have an adverse effect on the Company's operations in that country.

Colombia has in the past experienced a difficult security environment. In particular, various illegal groups involved in terrorism, illegal narcotics production and trafficking, extortion and kidnapping have been active in the regions in which the Company's mineral properties are located. If the security improvements are not maintained, it could have an adverse effect on the Company's continued operations in the area.

Gemstone Prices and Marketability

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of emeralds, rubies and other gemstones. The value of the Company's shares, its financial results and its mining activities are significantly affected by the price and marketability of emeralds, rubies and other gemstones. Numerous factors beyond the control of the Company may affect the price and marketability of any emeralds, rubies and other gemstones produced which cannot be accurately predicted, such as: international economic and political trends; global or regional consumption and demand and supply patterns; and increased production of other emeralds, rubies and other gemstones producers. There is no assurance that the sale price of gem produced from any gem deposit will be such that they can be mined at a profit.

Environmental

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase costs projected.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company has:

a) 243,279,896 common shares outstanding;
b) 225,220 warrants outstanding with expiry dates ranging between February 16, 2020 and September 17, 2020, with exercise prices ranging between $0.40 and $0.60. If all the warrants were exercised, 225,220 shares would be issued for proceeds of $106,094.
c) 9,395,881 stock options outstanding with expiry dates ranging between February 22, 2022 and October 1, 2023, with exercise prices ranging between $0.20 and $0.67. If all the options were exercised, 9,395,881 shares would be issued for proceeds of $4,264,095.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at www.sedar.com.