QUIA RESOURCES INC.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended December 31, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Quia Resources Inc. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 4 to the consolidated financial statements.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the year presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition and results of operations of the Company, as of the date of and for the year presented by the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process. The Audit Committee meets with management as well as with the independent auditors to review the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ "Yannis Banks"
____________________, CEO
Yannis Banks

/s/ "Andres Tinajero"
____________________, CFO
Andres Tinajero

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Quia Resources Inc.

We have audited the accompanying consolidated financial statements of Quia Resources Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Quia Resources Inc. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes the material uncertainties that cast significant doubts about Quia Resources Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
April 16, 2012

Quia Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,		December 31, 2011		December 31, 2010		January 1, 2010
				(Note 3)		(Note 3)
Assets						
Current Assets						
Cash	$	**71,118**	$	5,515,661	$	100,436
HST and other receivables (Note 16)		**14,516**		134,813		-
Prepaid expenses (Note 17)		**272,002**		47,349		-
		357,636		5,697,823		100,436
Loans receivable (Note 20)		**-**		-		39,166
Property, plant and equipment (Note 8)		**126,146**		22,455		9,600
	$	**483,782**	$	5,720,278	$	149,202
Liabilities						
Current Liabilities						
Trade and other payables (Note 18)	$	**760,298**	$	350,408	$	341,914
Provisions (Note 21)		**24,778**		24,346		646,122
Due to related parties (Note 20)		**189,043**		103,275		294,110
Loans and interest payable (Note 10)		**60,271**		6,286		179,884
		1,034,390		484,315		1,462,030
Shareholders' Equity						
Share capital (Note 11 (b))		**10,883,159**		10,661,770		3,093,853
Shares to be issued (Note 11 (c))		**106,773**		-		225,661
Reserve for warrants (Note 13 & 15)		**3,385,814**		3,397,942		1,064,152
Reserve for share based payments (Note 12 & 14)		**1,442,900**		179,000		-
Reserve for foreign exchange losses		**(21,228)**		(8,837)		-
Accumulated deficit		**(16,348,026)**		(8,993,912)		(5,696,494)
		(550,608)		5,235,963		(1,312,828)
	$	**483,782**	$	5,720,278	$	149,202

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 19)
Subsequent Events (Note 23)

/s/ "Yannis Banks - Director　　　　/s/ "Adam Szweras" - Director

Quia Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended December 31, 2011		Year ended December 31, 2010
				(Note 3)
Expenses				
Management and consulting	$	536,392	$	624,494
Travel and promotion		198,093		133,322
Office and general		325,770		326,029
Exploration and evaluation expenses		4,507,364		1,143,323
Professional fees		374,984		439,333
Share based payments (Note 12)		1,299,900		627,352
Salaries and benefits		65,688		-
Gain on settlement of debt		-		(1,985)
Gain on settlement of lawsuit		-		(129,500)
Foreign exchange (gain) loss		45,923		135,050
Net loss		**7,354,114**		**3,297,418**
Other comprehensive loss				
Net loss		**7,354,114**		3,297,418
Exchange differences on translating foreign operations		**12,391**		8,837
		7,366,505		3,306,255
Loss per share-basic and diluted	$	**0.119**	$	0.080
Weighted average number of shares outstanding		**62,049,394**		41,043,560

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

Quia Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves					
	Number of shares	Amount	Share based payments	Warrants	Currency translation adjustment	Shares to be issued	Deficit	Total
Balance at January 1, 2010 (Note 3)	28,563,672	$ 3,093,853	$ -	$ 1,064,152	$ -	$ 225,661	$ (5,696,494)	$ (1,312,828)
								-
Private placement of units - Jan 27, 2010 - $0.30	210,380	63,114	-	-	-	(63,114)	-	-
Private placement of units - Feb 3, 2010 - $0.30	364,121	109,236	-	-	-	(65,000)	-	44,236
Private placement of units - Apr 23, 2010 - $0.30	11,781,593	3,534,478	-	-	-	(77,047)	-	3,457,431
Private placement of units - Apr 23, 2010 - $0.25	240,000	60,000	-	-	-	-	-	60,000
Private placement of units - May 4, 2010 - $0.30 & $0.25	78,667	20,500	-	-	-	(20,500)	-	-
Private placement of units - Nov 2, 2010 - $0.40	5,000,000	2,000,000	-	-	-	-	-	2,000,000
Issuance of shares on settlement of debt	935,064	306,184	-	-	-	-	-	306,184
Issuance of shares for services	1,951,131	469,951	-	-	-	-	-	469,951
Warrants issued on private placement		(1,659,717)	-	1,659,717	-	-	-	-
Share based payments		-	179,000	-	-	-	-	179,000
Cost of issuance								
Cash commissions paid		(465,053)	-	-	-	-	-	(465,053)
Fair market value assigned to broker warrants		(204,000)	-	204,000	-	-	-	-
Balance, December 22, 2010 of Quia	49,124,628	7,328,546	179,000	2,927,869	-	-	(5,696,494)	4,738,921
Balance, December 22, 2010 of Onsino	5,190,000	1,591,623	-	-	-	-	-	1,591,623
Shares issued on corporate merger (net of transaction costs)	49,124,628	917,804	-	-	-	-	-	917,804
Share capital of Quia eliminated on consolidation	(49,124,628)	-	-	-	-	-	-	-
Share capital of Onsino eliminated on consolidation	-	(1,591,623)	-	-	-	-	-	(1,591,623)
Balance, December 22, 2010 post merger	54,314,628	8,246,350	179,000	2,927,869	-	-	(5,696,494)	5,656,725
Private placement of units - Dec 22, 2010 - $0.50	7,024,000	3,510,000	-	-	-	-	-	3,510,000
Warrants issued on private placement		(395,073)	-	395,073	-	-	-	-
Cost of issuance								
Cash commissions paid		(624,507)	-	-	-	-	-	(624,507)
Fair market value assigned to broker warrants		(75,000)	-	75,000	-	-	-	-
Currency translation adjustment		-	-	-	(8,837)	-	-	(8,837)
Net loss for the year		-	-	-	-	-	(3,297,418)	(3,297,418)
Balance at December 31, 2010 (Note 13)	**61,338,628**	**$ 10,661,770**	**$ 179,000**	**$ 3,397,942**	**$ (8,837)**	**$ -**	**$ (8,993,912)**	**$ 5,235,963**
Exercise of stock options	**459,500**	**98,926**	**-**	**-**	**-**	**-**	**-**	**98,926**
Reserve transferred on exercise of stock options		**36,000**	**(36,000)**	**-**	**-**	**-**	**-**	**-**
Exercise of agent warrants	**400,036**	**74,335**	**-**	**-**	**-**	**-**	**-**	**74,335**
Reserve transferred on exercise of agent warrants		**72,128**	**-**	**(72,128)**	**-**	**-**	**-**	**-**
Warrants issued on exercise of agent warrants		**(60,000)**	**-**	**60,000**	**-**	**-**	**-**	**-**
Funds received for shares to be issued		**-**	**-**	**-**	**-**	**106,773**	**-**	**106,773**
Share based payments		**-**	**1,299,900**	**-**	**-**	**-**	**-**	**1,299,900**
Currency translation adjustment		**-**	**-**	**-**	**(12,391)**	**-**	**-**	**(12,391)**
Net loss for the year		**-**	**-**	**-**	**-**	**-**	**(7,354,114)**	**(7,354,114)**
Balance at December 31, 2011	**62,198,164**	**$ 10,883,159**	**$ 1,442,900**	**$ 3,385,814**	**$ (21,228)**	**$ 106,773**	**$ (16,348,026)**	**$ (550,608)**

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

Quia Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2011	Year ended December 31, 2010
		(Note 3)
Operating Activities		
Net loss	$ **(7,354,114)**	$ (3,297,418)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based payments (Note 12)	**1,299,900**	179,000
Other share based payments	**-**	490,252
Depreciation	**17,258**	3,462
Gain on settlement of lawsuit	**-**	(129,500)
Gain on settlement of debt	**-**	(1,985)
Unrealized foreign exchange gain (loss)	**(11,959)**	(8,837)
Net change in non-cash working capital items:		
Prepaid expenses	**(224,653)**	(47,349)
HST and other receivables	**120,297**	(124,618)
Trade and other payables	**409,890**	(602,410)
Cash flow used in operating activities	**(5,743,381)**	(3,539,403)
Financing Activities		
Issue of common shares, net of issue costs	**173,261**	7,998,027
Amounts received for shares to be issued	**106,773**	-
Amounts received from related parties	**85,768**	-
Loan received	**53,985**	-
Loan repayments	**-**	(134,431)
Cash flow provided from financing activities	**419,787**	7,863,596
Investing Activities		
Purchase of property, plant and equipment	**(120,949)**	(16,317)
Cash acquired on corporate merger	**-**	1,107,349
Cash flow used in investing activities	**(120,949)**	1,091,032
Net increase (decrease) in cash	**(5,444,543)**	5,415,225
Cash, beginning of period	**5,515,661**	100,436
Cash, end of period	$ **71,118**	$ 5,515,661

1. NATURE OF OPERATIONS AND GOING CONCERN

Quia Resources Inc. (the "Company" or "Quia") was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation dated October 26, 2007. The Company is engaged in the acquisition, exploration and development of the properties for the mining of precious metals in Colombia. The Company's operations in Colombia are affected by Colombia's political and economic environment. Although the environment has been relatively stable in recent years, there is the risk that this situation could deteriorate and adversely affect the Company's operations. The address of the Company's registered office is Suite 1200 – 95 Wellington Street West, Toronto, Ontario, M5J 2Z9.

The Company is in the process of exploring its exploration property for mineral resources and has not determined whether the properties contain economically recoverable reserves. The Company's principal projects are located in Bolivar and Antioquia, Colombia. The underlying value of the resource property and the recoverability of the future exploration costs are entirely dependent on the existence of one or more economic recoverable reserves, confirmation of the Company's interest in the underlying claims, and the Company's ability to obtain the necessary financing to complete the exploration, development and future profitable production.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration property and the Company's continued existence is dependent upon the preservation of its interest in the underlying property, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as potential for problems arising from frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

The Company has no revenues and the ability of the Company to ensure continuing operations is dependent on the Company maintaining its mineral property interest, raising sufficient funds to finance exploration activities, identifying a commercial ore body, developing such mineral property interests, and upon the future profitable production or proceeds from the disposition of the mineral property interest. These financial statements have been prepared using accounting principles applicable to a going concern and do not reflect adjustments, which could be material, to the carrying values of the assets and liabilities, which may be required should the Company be unable to continue as a going concern.

As at December 31, 2011 the Company has accumulated deficit of approximately $16,348,026 (December 31, 2010 - $8,993,912) and has incurred losses of $7,354,114 for the year ended December 31, 2011 (December 31, 2010 - $3,297,418).

These consolidated financial statements were authorized for issue by the board of directors on April 16th, 2012.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's Consolidated Financial Statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2011.

These are the Company's first IFRS consolidated annual financial statements for the year ended December 31, 2011. Previously, the Company prepared its consolidated annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

2.2 Basis of presentation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 4. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2011. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements'* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

2. BASIS OF PRESENTATION, (continued)

2.3 Adoption of new and revised standards and interpretations, (continued)

- IFRS 13 '*Fair Value Measurement'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

3. FIRST TIME ADOPTION OF IFRS

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 *'First time Adoption of International Financial Reporting Standards'*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

- To apply the requirements of IFRS 3, *Business Combinations,* prospectively from the Transition Date;
- To apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.
- To apply the requirements of IAS 21, prospectively from the Transition Date; resulting in currency translation adjustments to be $nil at the date of transition.

The Company applied the following IFRS 1 mandatory exception:

- Hindsight was not used to create or revise estimates. The estimates previously made by the Corporation under GAAP were not revised for IFRS except where necessary to reflect differences in accounting policies.

(Expressed in Canadian Dollars)

3. FIRST TIME ADOPTION OF IFRS, (continued)

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption has resulted in significant changes to the reported financial position, results of operations, and cash flows of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP:

Below is the Company's Consolidated Statement of Financial Position as at the transition date of January 1, 2010 under IFRS:

		Canadian GAAP December 31, 2009	IFRS Adjustments	IFRS January 1, 2010	Notes
Assets					
Current Assets					
Cash	$	100,436	-	100,436	
		100,436	-	100,436	
Loans Receivable		39,166	-	39,166	
Property, plant and equipment		9,600	-	9,600	
Interest in mineral property		1,855,141	(1,855,141)	-	(a)
	$	2,004,343	(1,855,141)	149,202	
Liabilities					
Current Liabilities					
Trade and other payables	$	341,914	-	341,914	
Provisions		71,000	575,122	646,122	(d)
Due to related parties		294,110	-	294,110	
Loans and interest payable		179,884	-	179,884	
Contingent liability		575,122	(575,122)	-	(d)
		1,462,030	-	1,462,030	
Shareholders' Equity					
Share capital		3,093,853	-	3,093,853	
Shares to be issued		225,661	-	225,661	
Warrants and contributed surplus		1,064,152	(1,064,152)	-	(c)
Reserves for warrants		-	1,064,152	1,064,152	(c)
Accumulated deficit		(3,841,353)	(1,855,141)	(5,696,494)	(a)
		542,313	(1,855,141)	(1,312,828)	
	$	2,004,343	(1,855,141)	149,202	

(Expressed in Canadian Dollars)

3. FIRST TIME ADOPTION OF IFRS, (continued)

RECONCILIATION OF ASSETS, LIABILITIES, AND SHAREHOLDERS EQUITY

		As at December 31, 2010			
		GAAP	Effect of transition to IFRS	IFRS	Notes
Assets					
Current Assets					
Cash	$	5,515,661	-	5,515,661	
GST and other receivables		134,813	-	134,813	
Prepaid expenses		47,349	-	47,349	
		5,697,823	-	5,697,823	
Property, plant and equipment		22,455	-	22,455	
Interest in mineral property		2,998,464	(2,998,464)	-	(a)
	$	8,718,742	(2,998,464)	5,720,278	
Liabilities					
Current Liabilities					
Trade and other payables	$	453,683	-	453,683	
Provisions		-	24,346	24,346	(d)
Loans and interest payable		6,286	-	6,286	
Contingent liability		24,346	(24,346)	-	(d)
		484,315	-	484,315	
Shareholders' Equity					
Share capital		10,661,770	-	10,661,770	
Warrants and contributed surplus		3,576,942	(3,576,942)	-	(c)
Reserves for warrants		-	3,397,942	3,397,942	(c)
Reserves for share based payments		-	179,000	179,000	(c)
Reserves for foreign currency translation		-	(8,837)	(8,837)	(b)
Accumulated deficit		(6,004,285)	(2,989,627)	(8,993,912)	(a), (b)
		8,234,427	(2,998,464)	5,235,963	
	$	8,718,742	(2,998,464)	5,720,278	

(Expressed in Canadian Dollars)

3. FIRST TIME ADOPTION OF IFRS, (continued)

RECONCILIATION OF LOSS AND COMPREHENSIVE LOSS

	For the year ended December 31, 2010			
	GAAP	Effect of transition to IFRS	IFRS	Notes
Expenses				
Management and consulting	$ 624,494	-	$ 624,494	
Travel and promotion	133,322	-	133,322	
Office and general	326,029	-	326,029	
Exploration and evaluation expenses	-	1,143,323	1,143,323	(a)
Professional fees	439,333	-	439,333	
Share based payments	627,352	-	627,352	
Gain on settlement of debt	(1,985)	-	(1,985)	
Gain on settlement of lawsuit	(129,500)	-	(129,500)	
Foreign exchange	143,887	(8,837)	135,050	(b)
Net loss	2,162,932	1,134,486	3,297,418	
Other comprehensive loss				
Net loss	2,162,932	1,134,486	3,297,418	
Exchange differences on translating foreign operations	-	8,837	8,837	(b)
	2,162,932	1,143,323	3,306,255	
Loss per share - basic and diluted	$ 0.044		$ 0.080	(e)

(Expressed in Canadian Dollars)

3. FIRST TIME ADOPTION OF IFRS, (continued)

RECONCILIATION OF CASH FLOWS

		For the year ended December 31, 2010			
		GAAP	Effect of transition to IFRS	IFRS	Notes
Operating Activities					
Net loss	$	(2,162,932)	(1,134,486)	(3,297,418)	
Adjustments to reconcile net loss to cash flow from operating activities:					
Share based payments		179,000	-	179,000	
Other share based payments		448,352	41,900	490,252	(a)
Amortization		3,462	-	3,462	
Gain on settlement of lawsuit		(129,500)	-	(129,500)	
Gain on shares issued for debt settlement		(1,985)	-	(1,985)	
Unrealized foreign exchange loss		-	(8,837)	(8,837)	(b)
Net change in non-cash working capital items:					
HST and other receivables		(124,618)	-	(124,618)	
Prepaid expenses		(47,349)	-	(47,349)	
Due to related parties		(190,835)	-	(190,835)	
Trade and other payables		(216,179)	(195,396)	(411,575)	(a)
Cash flow used in operating activities		(2,242,584)	(1,296,819)	(3,539,403)	
Financing Activities					
Issue of common shares, net of issue costs		7,998,027	-	7,998,027	
Loans paid		(134,431)	-	(134,431)	
Cash flow provided from financing activities		7,863,596	-	7,863,596	
Investing Activities					
Acquisitions of capital assets		(16,317)	-	(16,317)	
Acquisitions of mineral properties and deferred costs		(1,296,819)	1,296,819	-	(a)
Cash acquired on corporate merger		1,107,349	-	1,107,349	
Cash flow provided by (used in) investing activities		(205,787)	1,296,819	1,091,032	
Net increase in cash		5,415,225	-	5,415,225	
Cash, beginning of period		100,436	-	100,436	
Cash, end of period		5,515,661	-	5,515,661	

3. FIRST TIME ADOPTION OF IFRS, (continued)

Notes to Reconciliations

a) Acquisition, exploration and evaluation expenditures

Under Canadian GAAP – Prior to 2011, the Company used the policy to defer the cost of mineral properties and their related exploration and development costs until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Company, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

Under IFRS – Acquisition, exploration and evaluation expenditures for each property are expensed as incurred, unless such costs are expected to be recovered through successful development and exploration of the property or, alternatively, by its sale.

Accordingly, the Company adopted the policy to expense the exploration and evaluation expenditures.

b) Functional currency and foreign operations

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 – *Foreign exchange* and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The group's functional currency is the Colombian Peso ("COL") for operations in Colombia and the Canadian dollar ("CDN") for operations in Canada. The consolidated financial statements are presented in Canadian dollars which is the group's presentation currency.

Under IFRS, the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity. Accordingly, the Company translated its foreign operations to the presentation currency (CDN), and recognized the translation differences to reserve for foreign exchange differences/adjustments.

3. FIRST TIME ADOPTION OF IFRS, (continued)

Notes to Reconciliations, (continued)

c) Reserves

Under Canadian GAAP – Prior to 2010, the Company recorded the value of share based payments and warrants issued to contributed surplus.

Under IFRS – IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. IFRS requires a separate disclosure of the value that relates to "Reserves for warrants", "Reserves for share based payments" and any other component of equity.

d) Provisions

Under Canadian GAAP – a contingency is an existing condition or situation involving uncertainty as to possible gain or loss to an enterprise that will ultimately be resolved when one or more future events occur or fail to occur. If it is likely that a contingency existing at the financial statement date will result in a loss, accrual of its financial effects is required, given that the amount can be reasonably estimated. This accounting treatment recognizes that the likely impairment of an asset or incurrence of a liability is related to a condition or situation existing at the end of the reporting period and not to the confirming future event. The estimation of the amount of a contingent loss to be accrued in the financial statements may be based on information that provides a range of the amount of loss. When a particular amount within such a range appears to be a better estimate than any other, that amount would be accrued. However, when no amount within the range is indicated as a better estimate than any other, the minimum amount in the range would be accrued. If the amount cannot be reasonably estimated, the amount is just disclosed but not accrued.

Under IFRS – provisions under IFRS are based on a probable threshold rather than likely. "Likely" is often taken to be a different and less stringent threshold and therefore it is anticipated that there will be additional provisions under IFRS as compared to Canadian GAAP. Under IFRS, a provision is almost always booked and disclosure without a provision would only occur in very rare circumstances where an estimate of the loss cannot be made. Accordingly, the contingent liability has been reclassified as provisions.

e) Loss per share

Under Canadian GAAP –the number of shares outstanding for the period from the beginning of the fiscal year to the date of the reverse acquisition date (Note 6) shall be deemed to be the number of shares issued by the accounting acquiree to the shareholders of the accounting acquirer.

Under IFRS - the number of shares outstanding from the beginning of that period to the reverse acquisition date shall be computed on the basis of the weighted average number of ordinary shares of the accounting acquirer outstanding during the period multiplied by the exchange ratio established in the merger agreement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly controlled subsidiaries: Bolivar Gold Corp, Colombian Mining Corp, QBC Holdings Corp, Kulta Corp, and San Lucas Gold Corp. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Subsidiaries are consolidated when control commences until it ceases.

All intra-Company transactions, balances, income and expenses are eliminated in full on consolidation.

4.2 Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment (“PPE”). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

4.3 Property, plant and equipment (“PPE”)

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the straight line method or unit-of-production method over the following expected useful lives:

• Computer equipment and software	20%
• Furniture and fixtures	10%
• Equipment	10%

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.3 Property, plant and equipment ("PPE"), (continued)

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

4.4 Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized as its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

4.5 Share based payments

Share based payment transactions
Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, or reliably measured, they are measured at fair value of the share-based payment.

Equity settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in reserve for share based payments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.5 Share based payments, (continued)

Equity settled transactions, (continued)
No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

4.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.6 Taxation, (continued)

Deferred income tax, (continued)
Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

4.7 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Dilution is calculated based on the net number of common shares issued after proceeds upon the exercise of the options and warrants are used to purchase common shares at the average market price during the year. During the year ended December 31, 2011 and 2010 all the outstanding stock options and warrants were anti-dilutive.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.8 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's loan receivable is classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has not classified any financial assets as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

4.9 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables, provisions, due to related parties and loans and interest payable are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2011 the Company has not classified any financial liabilities as FVTPL.

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable data. Cash and investments are considered to be level 1 under the fair value hierarchy.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.10 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

4.11 Impairment of nonfinancial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.11 Impairment of nonfinancial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

4.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4.14 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; property, plant and equipment, depreciation and depletion; recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing and the measurement of share-based payments and warrants. The most significant judgements relate to recoverability of capitalized amounts, recognition of deferred tax assets and liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

4.15 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of Quia Resources Inc. is the Canadian Dollar ("CDN"), and the functional currency of the subsidiaries in the Group is the Colombian Peso ("COL"). The consolidated financial statements are presented in Canadian Dollars which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented on a net basis in the income statement within Other Income.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity as other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

5. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, shares to be issued, reserve for warrants and reserve for share based payments. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i) minimizing discretionary disbursements;
ii) reducing or eliminating exploration expenditures which are of limited strategic value;
iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at December 31, 2011, the Company's capital consist of share capital, shares to be issued, reserve for warrants and reserve for share based payments in the amount of $15,818,646 (December 31, 2010 - $14,238,712, January 1, 2010 - $4,383,666).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2011. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

6. CORPORATE MERGER

On December 22, 2010, Quia completed a Qualifying Transaction (the "Transaction") with Onsino Capital Corporation ("Onsino"), whereby Onsino acquired all of the issued and outstanding shares of Quia, which was amalgamated with a wholly-owned subsidiary of Onsino. Onsino was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("The Exchange") policy 2.4 and accordingly had no significant assets other than cash and short-term investments and no commercial operations. Pursuant to the Transaction, Onsino issued one common share in its share capital for each of the 49,124,628 outstanding common shares in the capital of Quia prior to the Transaction. In addition, warrants to purchase an aggregate of 22,545,492 Quia common shares immediately prior to the Transaction are now exercisable to purchase an equivalent number of Onsino common shares in lieu thereof, on economically equivalent terms and conditions. Since the Transaction resulted in the former shareholders of Quia owning approximately 90% of the outstanding shares of Onsino, the Transaction has been accounted for in the consolidated financial statements as a reverse acquisition.

Based on the relative ownership percentages of the combined Company by shareholders of Onsino prior to the transaction and former Quia shareholders, and composition of the Board of Directors of the newly combined Company, from an accounting perspective, Quia is considered to be the accounting acquirer and therefore the Transaction has been accounted for as a reverse acquisition. For financial reporting purposes, the Company is considered a continuation of Quia, the legal subsidiary, except with regard to authorized and issued share capital, which is that of Onsino, the legal parent. Consequently, January 1, 2010 amounts in the consolidated financial statements are those of Quia only. The consolidated statement of loss and comprehensive loss includes the full result of Quia for the full year from January 1, 2010 to December 31, 2010 and the results of operations of Onsino from the closing date, December 22, 2010 to December 31, 2010. Onsino was not considered to be an acquired business as it was a Capital Pool Company ("CPC"), therefore the Transaction has been accounted for as a capital transaction and not a business combination. As the acquirer for accounting purposes, Quia's net assets are included in the consolidated balance sheet at their carrying value. Since the transaction is accounted for as a capital transaction, the net assets of Onsino were recorded at their fair value:

Carrying Value of Onsino's net assets acquired:	
Cash	$ 41,346
Short term investments	1,066,003
GST recoverable	10,195
Deferred transaction costs	98,612
Net assets acquired	$ 1,216,156

As part of the corporate merger, Quia paid cash transaction costs of $298,352.

7. FINANCIAL RISK FACTORS

Fair Value

The carrying amount of cash, loans receivable, provisions, due to related parties, and trade and other payables approximate fair value due to the relatively short term maturity of these financial instruments. The carrying value of loans and interest payable approximate the fair value based on discounted cash flows. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exist. As at December 31, 2011, all financial instruments measured at fair value are considered level 1.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivable. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian, United States and Colombian chartered banks which are closely monitored by management. Financial instruments included in loans receivable consist of loans to its President and Director and to the Vice President, Corporate Development. Management believes that the credit risk concentration with respect to financial instruments included in cash and loans receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2011, the Company had a cash balance of $71,118 (December 31, 2010 - $5,515,661, January 1, 2010 - $100,436) to settle current liabilities of $1,034,390 (December 31, 2010 - $484,315, January 1, 2010 - $1,462,030). All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Market and Political Risks

a) Interest Rate Risk
The Company has cash balances and no variable interest bearing debt. The Company has fixed rates on its debt, changes in interest rates could result in fair value risk on the Company's fixed rate debt.

b) Foreign Currency Risk
The Company operates in Canada, Colombia and the United States, giving rise to market risks from changes in foreign exchange rates. The Company believes that the results of the operations and cash flows would be affected by a sudden change in foreign exchange rates, but would not impair or enhance its ability to pay its U.S. dollar and Colombian pesos denominated obligations.

7. FINANCIAL RISK FACTORS, (continued)

c) Political Risk

The Company has mining and exploration operations in Colombia and such operations are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; hostage taking; fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes to policies and regulations impacting the mining sector; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political and economic conditions in Colombia may result in this governments adopting different policies with respect to foreign investment, and development and ownership of mineral resources. Any changes in such policies may result in changes in laws affecting ownership of assets, foreign investment, mining exploration and development, taxation, currency exchange rates, gold sales, environmental protection, labour relations, price controls, repatriation of income, and return of capital, which may affect both the ability of Quia to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore, develop, and operate those properties to which it has rights relating to exploration, development, and operation.

Other Risk Factors

a) Property Risk

The Company's significant mineral properties are the San Lucas Gold Corp. and the Federation properties as described in Note 9. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing property interests. If no additional major properties are acquired by the Company, any adverse development affecting the Company's property would have a materially adverse effect on the Company's financial condition and results of operations.

b) Commodity Price Risk

Commodity price risk could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of December 31, 2011, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, loans receivable, accounts payable, due to related parties, loans and interest payable and provisions that are denominated in Colombian pesos. As at December 31, 2011, had the Canadian dollar weakened/strengthened by 10% against the Colombian peso with all other variables held constant, the Company’s comprehensive income for the year ended December 31, 2011 would have been approximately $32,000 higher/lower respectively as a result of foreign exchange losses/gains on translation of Colombian peso denominated financial instruments.

(Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fixtures	Computer Equipment & Software	Equipment	Total
Cost				
As of January 1, 2010	4,425	5,812	2,428	12,665
Additions	2,799	11,290	-	14,089
Disposals	-	-	(2,428)	(2,428)
As at December 31, 2010	7,224	17,102	-	24,326
Additions	**1,060**	**119,889**	**-**	**120,949**
As at December 31, 2011	**8,284**	**136,991**	**-**	**145,275**
Accumulated Amortization				
As of January 1, 2010	1,192	1,768	105	3,065
Additions	130	-	-	130
Disposals	-	(1,219)	(105)	(1,324)
As at December 31, 2010	1,322	549	-	1,871
Additions	**757**	**16,501**	**-**	**17,258**
As at December 31, 2011	**2,079**	**17,050**	**-**	**19,129**
Net Book Value				
As at January 1, 2010	3,233	4,044	2,323	9,600
As at December 31, 2010	5,902	16,553	-	22,455
As at December 31, 2011	**6,205**	**119,941**	**-**	**126,146**

9. INTEREST IN MINERAL PROPERTIES

On October 26, 2007, the Company acquired 17 mineral properties in Bolivar, Colombia for $500,000. In exchange for this non-monetary transaction, the Company issued 10,000,000 common shares at a market price of $0.05 per share, to the vendor of the claims.

On September 13, 2008, the Company entered into an agreement with the Mining Federation from the Bolivar Department for the exploitation and exploration of the mining sites mentioned in the agreement. This agreement has been terminated by the parties.

On December 8, 2008, the Company issued 848,248 shares at a market price of $0.20 per share to some of the shareholders for the acquisition of mineral properties for $169,650.

10. LOANS AND INTEREST PAYABLE

During 2007, the Company received non-secured loans of $27,409 from Foundation Opportunities Inc. at the rate of 12% per annum payable on December 31, 2010. As at December 31, 2011 $nil and $nil (December 31, 2010 - $nil and $nil, January 1, 2010 - $14,408 and $7,054) are included as loans and interest payable respectively. During 2011, the Company received non-secured loans of $30,000 from Foundation Opportunities Inc. at the rate of 10% per annum payable the earlier of March 1, 2012 or the closing of the financing. As at December 31, 2011 $30,000 and $131 (December 31, 2010 - $nil and $nil, January 1, 2010 - $nil and $nil) are included as loans and interest payable respectively. Foundation Opportunities Inc. is a related party. Two directors of Foundation Opportunities Inc. are also Directors and Officers of the Company and have an indirect interest in Foundation Opportunities Inc.

During 2011, the Company received non-secured loans of $30,000 from a director at the rate of 10% per annum payable the earlier of March 1, 2012 or the closing of financing. As at December 31, 2011 $30,000 and $140 (December 31, 2010 - $nil and $nil, January 1, 2010 - $nil and $nil) are included as loan and interest payable respectively.

On January 11, 2008, the Company received a non-secured loan of $8,542 from Foundation Markets Inc. at the rate of 12% per annum payable on December 31, 2010. As at December 31, 2011 - $nil and $nil (December 31, 2010 - $nil and $nil, January 1, 2010 - $nil and $1,292) are included as loans and interest payable respectively. On April 8, 2008, the Company received a non-secured loan of $1,000 from Foundation Markets Inc. at the rate of 12% per annum payable on December 31, 2010. As at December 31, 2011 - $nil and $nil (December 31, 2010 - $nil and $nil, January 1, 2010 - $nil and $122) are included as loans and interest payable respectively. There are no specified terms of repayment. Foundation Markets Inc. is a related party. Two directors of Foundation Markets Inc. are also Directors and Officers of the Company and have an indirect interest in Foundation Markets Inc.

On December 8, 2008, the Company acquired a non-secured and non-bearing loan of $5,000 US ($6,286 CDN) from one of the shareholders. The loan will be payable as follows:

$2,500 upon the completion of a listing of the common shares of the Company
$1,250 on the one year anniversary of the completion of a going public transaction by the Company
$1,250 on the two year anniversary of the completion of a going public transaction by the Company

As at December 31, 2011 $nil and $nil (December 31, 2010 - $6,286 and $nil, January 1, 2010 - $6,286 and $nil) respectively, are included as loans and interest payable respectively.

During 2009, the Company received a non-secured and non-interest bearing loan of $15,833 from the President and Director. As at December 31, 2011 $nil (December 31, 2010 - $nil, January 1, 2010 - $15,833) is included as loan to this related party. There are no specified terms of repayment.

During 2009, the Company received non-secured loans of $47,800 from the Corporate Secretary and Director at the rate of 12% per annum payable on December 31, 2010. As at December 31, 2011, $nil and $nil (December 31, 2010 - $nil and $nil, January 1, 2010 - $47,800 and $1,657) are included as loans and interest payable respectively. There are no specified terms of repayment.

Also during 2009, the Company received non-secured loans of $95,800 from Foundation Opportunities Inc., a company where two Directors and Officers of Quia are also directors and have an indirect interest, at the rate of 12% per annum payable on December 31, 2010. As at December 31, 2011 $nil and $nil (December 31, 2010 - $nil and $nil, January 1, 2010 - $80,800 and $4,632) are included as loan and interest payable respectively. There are no specified terms of repayment.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

	Number of Shares		Stated Value
COMMON SHARES			
Balance, January 1, 2010	28,563,672	$	3,093,853
Private placement of units - Jan. 27, 2010 - $0.30 (i)	210,380		63,114
Private placement of units - Feb. 3, 2010 - $0.30 (ii)	364,121		109,236
Private placement of units - Apr. 23, 2010 - $0.30 (iii)	11,781,593		3,534,478
Private placement of units - Apr. 23, 2010 - $0.25 (iv)	240,000		60,000
Private placement of units - May 4, 2010 - $0.30 and $0.25 (v)	78,667		20,500
Private placement of units - November 2, 2010 - $0.40 (ix)	5,000,000		2,000,000
Issuance of shares on settlement of debt (i) to (iii), (vi), and (viii)	935,064		306,184
Issuance of shares for services (vii), (xv) & (xix)	1,951,131		469,951
Value allocated to warrants			(1,659,717)
Cost of issuance			
Cash commissions paid	-		(465,053)
Fair market value assigned to broker warrants	-		(204,000)
Balance, December 22, 2010 of Quia	49,124,628	$	7,328,546
Balance, December 22, 2010 of Onsino	5,190,000		1,591,623
Shares issued on corporate merger, net of transaction costs (Note 6)	49,124,628		917,804
Share capital of Quia eliminated on consolidation	(49,124,628)		-
Share capital of Onsino eliminated on consolidation	-		(1,591,623)
Balance, December 22, 2010 post merger	54,314,628	$	8,246,350
Private placement of units - Dec. 22, 2010 - $0.50 (x)	7,024,000		3,510,000
Value allocated to warrants	-		(395,073)
Cost of issuance			
Cash commissions paid	-		(624,507)
Fair market value assigned to broker warrants	-		(75,000)
Balance, December 31, 2010	61,338,628	$	10,661,770
Exercise of stock options	**459,500**		**98,926**
Reserve transferred on exercise of stock options	**-**		**36,000**
Exercise of agent warrants	**400,036**		**74,335**
Reserve transferred on exercise of agent warrants	**-**		**72,128**
Warrants issued on exercise of agent warrants	**-**		**(60,000)**
Balance, December 31, 2011	**62,198,164**	**$**	**10,883,159**

11. SHARE CAPITAL, (continued)

(b) Issued *(Continued)*

Under the requirement of the TSX Venture exchange, 2,444,944 common shares held by directors and officers are held in escrow. 10% of these shares will be released from escrow on the date of the exchange bulletin and the remainder in allotments of 366,741 in 6, 12, 18, 24, 30 and 36 months following the date of the exchange bulletin. As at December 31, 2011, 611,235 shares have been released.

(i) On January 27, 2010, the Company issued 210,380 units at $0.30 pursuant to a private placement for gross proceeds of $63,114. The Company also issued 1,368,133 shares at $0.24 for settlement of debt. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on January 10, 2015 or 2 years from the date of a business combination between the Company and a public company pursuant to a reverse take-over, merger, amalgamation, take-over bid, insider bid, reorganization, joint venture, sale or exchange of assets or similar transaction ("business combination") or IPO.

The fair value of the 210,380 share purchase warrants was estimated at $33,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.46%; volatility 100% and an expected life of 5 years.

(ii) On February 3, 2010, the Company issued 364,121 units at $0.30 pursuant to a private placement for gross proceeds of $109,236. The Company also issued 183,336 units at $0.30 for settlement of debt. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on February 3, 2015 or 2 years from the date of a business combination between the Company and a public company pursuant to a reverse take-over, merger, amalgamation, take-over bid, insider bid, reorganization, joint venture, sale or exchange of assets or similar transaction ("business combination") or IPO.

The fair value of the 547,457 share purchase warrants was estimated at $85,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.50%; volatility 100% and an expected life of 5 years.

(iii) On April 23, 2010, the Company issued 11,781,593 units at $0.30 pursuant to a private placement for gross proceeds of $3,534,478. The Company also issued 1,063,331 units at $0.30 for settlement of debt and services rendered by related parties. Each unit consisted of one common share and one half common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on April 23, 2015 or 2 years from the date of a business combination between the Company and a public company pursuant to a reverse take-over, merger, amalgamation, take-over bid, insider bid, reorganization, joint venture, sale or exchange of assets or similar transaction ("business combination") or IPO.

The fair value of the 12,844,926 share purchase warrants was estimated at $2,018,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 3.11%; volatility 100% and an expected life of 5 years.

11. SHARE CAPITAL, (continued)

(b) Issued *(Continued)*

The Company paid a cash commission equal to 8% of the gross proceeds raised from the Canadian shareholders. In addition, the Company issued 942,959 compensation warrants ("agent warrants") equal to 8% of the number of the securities issued to the Canadian shareholders. Each agent warrant is exercisable for one unit at a price of $0.30 per unit up to the earlier of 24 months from the date on which the Company completes an IPO or April 23, 2015. Each warrant unit consists of one common share of the Company and one-half of one common share warrant, with each whole warrant exercisable into one common share of the Company at $0.50 per share, expiring 24 months from the date upon which the common shares were listed.

The fair value of the 942,959 agent warrants was estimated at $165,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 3.11%; volatility 100% and an expected life of 5 years.

(iv) On April 23, 2010, the Company issued 240,000 units at $0.25 pursuant to a private placement for gross proceeds of $60,000. Each unit consisted of one common share and one half common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on April 23, 2015 or 2 years from the date of a business combination between the Company and a public company pursuant to a reverse take-over, merger, amalgamation, take-over bid, insider bid, reorganization, joint venture, sale or exchange of assets or similar transaction ("business combination") or IPO.

The fair value of the 120,000 share purchase warrants was estimated at $11,040 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 3.17%; volatility 100% and an expected life of 2 years. These warrants were issued on April 23, 2010.

(v) On May 4, 2010, the Company issued 62,000 units at $0.25, and 16,667 at $0.30 pursuant to a private placement for gross proceeds of $20,500. Each of the 62,000 units consisted of one common share and one-half common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on May 4, 2012. Each of the 16,667 units consisted of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on May 4, 2015 or 2 years from the date of a business combination between the Company and a public company pursuant to a reverse take-over, merger, amalgamation, take-over bid, insider bid, reorganization, joint venture, sale or exchange of assets or similar transaction ("business combination") or IPO.

The fair value of the 47,667 share purchase warrants was estimated at $7,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.85%; volatility 100% and an expected life of 2 years.

(vi) On June 7, 2010, the Company issued 139,667 units at $0.30 for settlement of debt. Each of the 139,667 units consisted of one common share and one-half common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.50 per share, expiring on June 7, 2012. The transaction was accounted at the FV of the shares/units issued which was more reliably measurable.

The fair value of the 139,667 share purchase warrants was estimated at $22,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.58%; volatility 100% and an expected life of 2 years.

11. SHARE CAPITAL, (continued)

(b) Issued *(Continued)*

(vii) On August 6, 2010, the Company issued 90,000 shares at $0.24 for services pursuant to employment agreements with various consultants. The transaction was accounted at the FV of the shares/units issued which was more reliably measurable.

(viii) On August 24, 2010, the Company issued 41,728 shares at $0.24 for settlement of debt. The transaction was accounted at the FV of the shares/units issued which was more reliably measurable.

(ix) On November 2, 2010, the Company issued 5,000,000 units at $0.40 pursuant to a private placement for gross proceeds of $2,000,000. Each unit consisted of one common share and ¾ common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.70 per share, expiring on November 2, 2012.

The fair value of the 3,750,000 share purchase warrants was estimated at $249,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.42%; volatility 100% and an expected life of 2 years.

The Company paid a cash commission equal to 8% of the gross proceeds raised from the Canadian shareholders. In addition, the Company issued 400,000 compensation warrants ("agent warrants") equal to 8% of the number of the securities issued to the Canadian shareholders. Each agent warrant is exercisable for one share at a price of $0.40 per share expiring after 24 months.

The fair value of the 400,000 agent warrants was estimated at $39,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.42%; volatility 100% and an expected life of 5 years.

(x) On December 22, 2010, the Company issued 7,000,000 units at $0.50 pursuant to a private placement held in concurrence with the Company's qualifying transaction with Onsino, for gross proceeds of $3,500,000. The Company also issued 4,000 previously unissued units for which consideration had been received during fiscal 2009. Each unit consisted of one common share and one-half common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.80 per share, expiring on December 22, 2012.

The fair value of the 3,500,000 share purchase warrants was estimated at $349,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.66%; volatility 100% and an expected life of 2 years.

The Company paid a cash commission equal to 8% of the gross proceeds raised from the Canadian shareholders. In addition, the Company issued 20,000 shares as compensation for the financing and 560,000 compensation warrants ("agent warrants") equal to 8% of the number of the securities issued to the Canadian shareholders. Each agent warrant is exercisable for one share at a price of $0.50 per share expiring after 24 months.

The fair value of the 560,000 agent warrants was estimated at $75,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.66%; volatility 100% and an expected life of 2 years.

(c) Shares to be issued

As at December 31, 2011, consideration of $106,773 (December 31, 2010 - $nil, January 1, 2010 - $225,661) had been received pertaining to share subscriptions settled after the year end.

(Expressed in Canadian Dollars)

12. SHARE BASED PAYMENTS

Quia established a stock option plan to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs. Options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise specified.

A summary of stock options issued and outstanding is as follows:

		December 31, 2011			December 31, 2010	
		Weighted Average Exercise Price	**Number of Options**		Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	**$**	**0.29**	**1,559,000**	$	-	-
Transaction during the year:						
Granted		**0.61**	**3,250,000**		0.29	1,559,000
Exercised*		**0.22**	**459,500**		-	-
Expired		**0.30**	**(40,000)**		-	-
Outstanding at end of year		**0.54**	**4,309,500**		0.29	1,559,000
Exercisable at end of year	**$**	**0.53**	**4,084,500**	$	0.29	1,559,000

* The weighted average share price on the date of exercise was $0.52.

The following table provides additional information about outstanding stock options at December 31, 2011:

	No. of Options Outstanding	**Weighted Average Remaining Life (Years)**		**Weighted Average Exercise Price**	**No. of Options Currently Exercisable**		**Weighted Average Exercise Price – Exercisable Options**
$ 0.15 – 0.30	**459,500**	**3.27**	**$**	**0.22**	**459,500**	**$**	**0.22**
$ 0.40	**600,000**	**3.39**	**$**	**0.40**	**600,000**	**$**	**0.40**
$ 0.60 – 0.65	**3,250,000**	**4.14**	**$**	**0.61**	**3,025,000**	**$**	**0.60**
$ 0.15 - $0.65	**4,309,500**	**3.95**	**$**	**0.54**	**4,084,500**	**$**	**0.53**

(Expressed in Canadian Dollars)

12. SHARE BASED PAYMENTS, (continued)

Share based payments

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based payments for the stock options issued during the year ended December 31, 2011:

Grant date	**January 21, 2011**	**February 18, 2011**	**April 1, 2011**	**Total**
No. of options	400,000	2,350,000	500,000	3,250,000
Exercise price	$ 0.60	$ 0.60	$ 0.65	
Weighted average share price	$ 0.40	$ 0.59	$ 0.52	
Expected life in years	5	5	5	
Volatility*	100%	100%	100%	
Risk-free interest rate	2.60	2.75	2.78	
Dividend yield	-	-	-	
Vesting	100%	100%	40% immediately, 15% every 6 months	
Fair value of options granted	$ 112,000	$ 1,043,000	$ 189,000	$ 1,344,000
Share based payments	$ 112,000	$ 1,043,000	$ 144,900	$ 1,299,900

* Volatility is based on the volatility of comparable companies.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based payments cost for the stock options issued during the year ended December 31, 2010:

Grant date	**May 20, 2010**	**May 20, 2010**	**May 20, 2010**	**Total**
No. of options	400,000	600,000	40,000	1,040,000
Exercise price	$ 0.30	$ 0.40	$ 0.30	
Weighted average share price	$ 0.24	$ 0.24	$ 0.24	
Expected life in years	5.5	5.5	1.5	
Volatility*	100%	100%	100%	
Risk-free interest rate	2.57	2.57	1.44	
Dividend yield	-	-	-	
Vesting	100%	100%	100%	
Fair value of options granted	$ 72,000	$ 103,000	$ 4,000	$ 179,000
Share based payments	$ 72,000	$ 103,000	$ 4,000	$ 179,000

* Volatility is based on the volatility of comparable companies.

In addition to the options issued in the above table, the Company issued 519,000 replacement options as part of the business combination with Onsino Capital Corp (Note 6).

(Expressed in Canadian Dollars)

13. WARRANTS

Month of Expiry	No. of Warrants	Exercise Price
		($)
November 2, 2012	3,750,000	0.70
November 2, 2012 – agent warrants	400,000	0.40
December 22, 2012	15,546,575	0.50
December 22, 2012	880,000	0.25
December 22, 2012 – warrant for broker unit (1)	847,423	0.30
December 22, 2012 – agent warrants	95,536	0.50
December 22, 2012	3,500,000	0.80
December 22, 2012 – agent warrants	560,000	0.50
	25,579,534	

(1) Upon exercise, 847,423 broker warrants exercisable at $0.50 will be issued and outstanding.

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2011:

Grant date	February 22, 2011	March 16, 2011	May 12, 2011	August 3, 2011	Totals
No. of warrants	101,500	77,518	10,010	8,008	197,036
Exercise price	$ 0.25	$ 0.50	$ 0.50	$ 0.50	
Expected life in years	1.8	1.7	1.6	1.4	
Volatility	100%	100%	100%	100%	
Risk-free interest rate	1.68%	1.48%	1.68%	1.68%	
Dividend yield	-	-	-	-	

(Expressed in Canadian Dollars)

13. WARRANTS, (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2010:

Grant date	**January 20, 2010**	**February 3, 2010**	**April 23, 2010**	**April 23, 2010**	**May 4, 2010**	**June 7, 2010**
No. of warrants	210,380	547,457	12,844,926	942,959	47,667	139,667
Exercise price	$ 0.50	$ 0.50	$ 0.50	$ 0.30	$ 0.50	$ 0.50
Expected life in years	5	5	5	5	5	5
Volatility	100%	100%	100%	100%	100%	100%
Risk-free interest rate	2.46%	2.50%	3.11%	3.11%	2.85%	2.58%
Dividend yield	-	-	-	-	-	-

Grant date	**November 2, 2010**	**November 2, 2010**	**December 22, 2010**	**December 22, 2010**	**Totals**
No. of warrants	3,750,000	400,000	3,500,000	560,000	22,943,056
Exercise price	$ 0.70	$ 0.40	$ 0.80	$ 0.50	
Expected life in years	2	2	2	2	
Volatility	100%	100%	100%	100%	
Risk-free interest rate	1.42%	1.42%	1.66%	1.66%	
Dividend yield	-	-	-	-	

14. RESERVE FOR SHARE BASED PAYMENTS

Period/year ended	**December 31, 2011**	December 31, 2010
Balance at beginning of year	**$ 179,000**	$ -
Reserve transferred on exercise of options	**(36,000)**	-
Share based payments	**1,299,900**	179,000
Balance at end of year	**$ 1,442,900**	$ 179,000

15. RESERVE FOR WARRANTS

Period/year ended	**December 31, 2011**	December 31, 2010	January 1, 2010
Balance at beginning of year	**$ 3,397,942**	$ 1,064,152	$ 729,324
Reserve transferred on exercise of warrants	**(72,128)**	-	-
Warrants issued	**60,000**	2,333,790	334,828
Balance at end of year	**$ 3,385,814**	$ 3,397,942	$ 1,064,152

(Expressed in Canadian Dollars)

16. HST AND OTHER RECEIVABLES

The Company's HST and other receivables arise from three main sources: trade receivables due from customers for services and sales and harmonized services tax ("HST") receivable and value added taxes ("VAT") due from government taxation authorities. These are broken down as follows:

	December 31, 2011	December 31, 2010
	$	$
HST and VAT receivable	**14,516**	134,813
Total HST and other receivables	**$ 14,516**	$ 134,813

Below is an aged analysis of the Company's trade and other receivables:

	As at,	
	December 31, 2011	December 31, 2010
	$	$
Less than 1 month	**14,516**	54,782
Over 3 months	**-**	80,031
Total HST and other receivables	**$ 14,516**	$ 134,813

At December 31, 2011, trade and other receivables outstanding are HST and VAT receivable. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the HST and VAT receivable has been further discussed in Note 7.

The Company holds no collateral for any receivable amounts outstanding as at December 31, 2011.

17. PREPAID EXPENSES

	As at,	
	December 31, 2011	December 31, 2010
	$	$
Advances to suppliers	**15,275**	45,827
Deposit on drilling contract	**197,562**	-
Insurance	**12,321**	-
Other	**46,844**	1,522
Total prepaid expenses	**$ 272,002**	$ 47,349

(Expressed in Canadian Dollars)

18. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, amounts payable for financing activities and payroll liabilities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,		
	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Less than 1 month	**507,819**	261,480	255,142
1 to 3 months	**158,495**	83,297	81,278
Over 3 months	**93,984**	5,631	5,494
Total Trade and Other Payables	**$ 760,298**	$ 350,408	$ 341,914

19. SEGMENTED INFORMATION

Operating Segments

At December 31, 2011the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Colombia. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8 *'Operating Segments'*. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent operating segment amounts.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Segments

Quia is in the business of mineral exploration in Colombia. As such, management has organized the Company's reportable segments by geographic area. The Colombia segment is responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities. Information concerning Quia's reportable segments is as follows:

(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION, (continued)

	December 31, 2011	December 31, 2010
	$	$
Consolidated net loss		
Canada	**2,649,349**	1,881,089
United States	**-**	15,759
Colombia	**4,704,765**	1,400,570
	7,354,114	3,297,418
Significant non-cash items		
Share based payments		
Canada	**1,229,900**	627,352
	1,229,900	627,352

As at,	December 31, 2011	December 31, 2010	January 1, 2010
Current Assets			
Canada	33,407	4,175,209	98,715
U.S.	-	-	40,551
Colombia	324,230	1,522,614	336
Non - Current Assets			
Canada	73,475	4,936	-
Colombia	52,670	17,519	9,600
	483,782	5,720,278	149,202

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and key management compensation are as follows:

During the year ended December 31, 2011, $17,848 (December 31, 2010 - CDN$67,006) was paid as a salary to the former Vice President and Director. Included in loans payable is $nil (December 31, 2010 - $nil, January 1, 2010 - $15,833) owing to the President and Director as well as $nil (December 31, 2009 - $nil, December 31, 2009 - $39,166) which is included in loans receivable owing from the President and Director and Vice President, Corporate Development.

During the year ended December 31, 2011, $nil (December 31, 2010 - $417,831) was paid for consulting fees to Foundation Markets Inc. ("FMI"), a company in which the Secretary and Director and CEO and Director of the Company are a directors and have an indirect interest. At December 31, 2011 included in due to related parties is $nil (December 31, 2010 - $nil, January 1, 2010 - $108,249). In addition, $1,944 (December 31, 2010 - $nil) was paid for consulting fees to Foundation Opportunities Inc. ("FOI"), a company in which the Secretary and Director and CEO and Director of the Company are directors and have an indirect interest. At December 31, 2011 included in loans and interest payable are $30,132 (December 31, 2010 - $nil, January 1, 2010 - $108,308), and included in due to related parties is $1,944 (December 31, 2010 - $nil, January 1, 2010 - $nil).

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION, (continued)

During the year ended December 31, 2011, $48,000 (December 31, 2010 - $32,000) was paid for consulting fees to Cavalry Corporate Solutions Inc. ("Cavalry"), a company in which the Secretary and Director of the Company has an indirect interest and in which the CEO and Director is a director and has an indirect interest. At December 31, 2011 included in due to related parties are $nil (December 31, 2010 - $nil, January 1, 2010 - $nil).

During the year ended December 31, 2011, $76,570 (December 31, 2010 - $256,540) was paid for legal fees to a company in which the Secretary and Director of the Company is a partner. Included in due to related parties is $34,063 (December 31, 2010 - $nil, January 1, 2010 - $93,360) payable to this company.

Included in loans and interest payable are amounts payable to the Secretary and Director of the Company of $nil (December 31, 2010 - $nil, January 1, 2010 - $49,457).

During the year ended December 31, 2011, $144,000 (December 31, 2010 - $144,000) was paid to the VP of exploration. As at December 31, 2011, $68,747 is included in due to related parties (December 31, 2010, $35,112, January 1, 2010 - $62,010).

During the year ended December 31, 2011, $115,315 (December 31, 2010 - $62,613) was paid to The Vice-President, Business Development and a Director for exploration related costs. As at December 31, 2011, due to related parties included $58,864 (December 31, 2010 - $62,513, January 1, 2010 - $124,035). At December 31, 2011 included in loans and interest payable are $30,140 (December 31, 2010 - $nil, January 1, 2010 - $15,833).

During the year ended December 31, 2011, $56,250 (December 31, 2010 - $nil) was paid for services to the Chief Executive Officer. As at December 31, 2011, $14,125 is included in due to related parties (December 31, 2010, $nil, January 1, 2010 - $nil).

During the year ended December 31, 2011, $44,060 (December 31, 2010 - $109,550) was paid for services to the former Chief Executive Officer and current Director.

During the year ended December 31, 2011, $60,000 (December 31, 2010 - $58,000) was paid for services to the Chief Financial Officer. As at December 31, 2011 included in due to related parties is $11,300 (December 31, 2010 - $5,650, January 1, 2010 - $nil) payable to the Chief Financial Officer.

In addition, there were related party loans and interest as disclosed in note 10.

All transactions with related parties were in the normal course of operations.

(Expressed in Canadian Dollars)

21. PROVISIONS

	December 31, 2011		December 31, 2010
		$	$
Balance beginning of period/year		**24,346**	646,122
Settlement of Federacion lawsuit		**-**	(646,122)
Banco de la Republica provision		**-**	24,346
Effect of foreign exchange		**432**	-
Balance end of period/year	**$**	**24,778**	$ 24,346

On September 9, 2010 San Lucas Gold Corp. and Federacion Agromineral del Sur de Bolivar signed a settlement agreement whereby San Lucas Gold Corp. is to be released of all liability through the payment of 800,000,000 COL pesos (CDN $516,622). This settlement resulted in a gain in the amount of $129,500 for the year ended December 31, 2010. As at December 31, 2011, $nil (December 31, 2010 - $nil, January 1, 2010 - $646,122) related to the investigation was recorded under provisions. This agreement has been terminated by the parties.

As at December 31, 2011, management decided to accrue an estimated amount of $24,778 (December 31, 2010 - $24,346, January 1, 2010 - $nil) related to a discrepancy between reported values by San Lucas Gold Corp. and the reported value by the Banco de la República. Colombian companies are required to disclose funds received from foreign affiliates.

22. INCOME TAXES

Provision for Income Taxes

The reported income taxes differ from the amounts obtained by applying statutory rates to the net loss as follows:

		2011	2010
Components of the income tax provision:			
Income taxes at statutory tax rates	**$**	**(2,078,000)**	$ (1,022,000)
Difference between Canadian and foreign tax rates		**(376,000)**	(23,000)
Changes in current and future tax rates and other		**196,000**	400,000
Share issue costs		**(1,000)**	(368,000)
Stock based compensation, and other non deductible expenses		**371,000**	53,000
Deferred tax assets not recognized		**1,888,000**	960,000
Income tax expense	**$**	**-**	-

Deferred Income Taxes

The Canadian statutory income tax rate of 28.25% (2010 - 31%) is comprised of the federal income tax rate at approximately 16.5% (2010 – 18%) and the provincial income tax rate of approximately 11.75% (2010 – 13%). The Colombian income tax rate is approximately 33% (2010 – 33%). The primary differences which give rise to the deferred income tax recoveries at December 31, 2011 and December 31, 2010 are as follows:

(Expressed in Canadian Dollars)

22. INCOME TAXES, (continued)

	2011	2010
	$	$
Deferred income tax assets		
Share issuance costs	**213,000**	291,000
Mineral properties and other	**2,343,000**	872,000
Operating losses carried forward	**2,026,000**	1,531,000
	4,582,000	2,694,000
Less : deferred tax assets not recognized	**(4,582,000)**	(2,694,000)
Net deferred tax assets	**-**	-
Deferred tax liabilities		
Other	**-**	-
Net deferred tax liabilities	**-**	-
Net deferred tax liability	**-**	-

Deferred income tax assets have not been recognized due to the uncertainty of realization.

Tax Losses Carried Forward

The Company has accumulated non-capital losses for income tax purposes, which can be carried forward to be applied against future taxable income. The right to use the losses expires as follows:

2027	$ 176,060
2028	918,464
2029	889,768
2030	1,924,482
2031	1,351,825
No expiry	2,154,176
	$ 7,414,775

23. SUBSEQUENT EVENT

January 6, 2012, the Company closed a non-brokered private placement consisting of 23,333,334 units for aggregate gross proceeds of $3,500,000.

Each Unit consists of one common share of the Company and one half of one warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.30 per Common Share for a period of 24 months from the closing date. The term of the warrants is subject to an acceleration right at the option of the Company, provided that the common shares of the Company trade at or above $0.60 for a full 20 consecutive trading days at or after May 7, 2012 and the Company has provided warrant holders with 30 days prior written notice of the accelerated warrant exercise date.

23. SUBSEQUENT EVENT, (continued)

The securities are subject to a four month hold period expiring May 7, 2012. Canaccord Genuity Corp., Foundation Markets Inc., Union Securities Inc., and Raymond James Inc. acting as finders, received cash commissions of $178,428, $9,835, $3,360, and $1,050 respectively. Canaccord Genuity Corp., Union Securities Inc., a private individual and Raymond James Inc. acting as finders, received 1,189,517, 22,400, and 23,333 compensation options ("Compensation Options") respectively, each Compensation Option being exercisable into one unit within 24 months of closing at an exercise price of $0.15.