QUIA RESOURCES INC.

Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and nine month periods ended
September 30, 2012 and 2011

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Quia Resources Inc, are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim 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.

__________________________, CEO	_____________________, CFO
Yannis Banks	Andres Tinajero

NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and nine months ended September 30, 2012 and 2011 have not been reviewed by the Company's auditors.

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

As at,		September 30, 2012		December 31, 2011
Assets				
Current Assets				
Cash	$	261,713	$	71,118
GST/HST and other receivables (Note 12)		14,767		14,516
Prepaid expenses (Note 13)		383,690		272,002
		660,170		357,636
Property, plant and equipment (Note 5)		112,147		126,146
	$	772,317	$	483,782
Liabilities				
Current Liabilities				
Trade and other payables (Note 14)	$	1,084,290	$	760,298
Provisions (Note 17)		25,733		24,778
Due to related parties (Note 16)		195,984		189,043
Loans and interest payable (Note 16)		116,503		60,271
		1,422,510		1,034,390
Shareholders' Equity				
Share capital (Note 7 (b))		12,548,072		10,883,159
Shares to be issued (Note 7 (c))		363,560		106,773
Reserve for warrants (Note 9 & 11)		4,985,814		3,385,814
Reserve for share based payments (Note 8 & 10)		1,476,500		1,442,900
Reserve for foreign exchange losses		33,080		(21,228)
Accumulated deficit		(20,057,219)		(16,348,026)
		(650,193)		(550,608)
	$	772,317	$	483,782

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 15)
Subsequent Events (Note 18)

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	**Nine months ended September 30, 2012**	Nine months ended September 2011
Expenses				
Management and consulting	$ **94,704**	$ 195,985	$ **401,869**	$ 570,552
Travel and promotion	**2,883**	171,602	**61,753**	556,216
Office and general	**103,668**	126,050	**403,712**	404,916
Exploration and evaluation expenses	**321,192**	983,903	**2,615,969**	1,819,104
Professional fees	**15,401**	67,535	**59,756**	309,924
Share based payments (Note 8)	**8,200**	30,300	**33,600**	1,279,800
Salaries and benefits	**19,879**	99,125	**51,341**	197,370
Foreign exchange loss (gain)	**7,805**	(245)	**81,193**	(732)
Net loss	**573,732**	1,674,255	**3,709,193**	5,137,150
Other comprehensive loss				
Net loss	**573,732**	1,674,255	**3,709,193**	5,137,150
Exchange differences on translating foreign operation	**(16,740)**	(10,840)	**(54,308)**	95,260
	556,992	1,663,415	**3,654,885**	5,232,410
Loss per share-basic and diluted	$ **0.007**	$ 0.027	$ **0.044**	$ 0.083
Weighted average number of shares outstanding	**85,531,497**	62,195,292	**85,105,707**	61,999,260

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

	Share Capital		Reserves					
	Number of shares	Amount	Share based payments	Warrants	Foreign Exchange	Shares to be issued	Deficit	Total
Balance at January 1, 2011	**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 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		-	-	-	-	-	-	-
Share based payments		-	1,279,800	-	-	-	-	1,279,800
Currency translation adjustment		-	-	-	(95,260)	-	-	(95,260)
Net loss for the period		-	-	-	-	-	(5,137,150)	(5,137,150)
Balance at September 30, 2011	**62,198,164**	**$ 10,883,159**	**$ 1,422,800**	**$ 3,385,814**	**(104,097)**	**$ -**	**$ (14,131,062)**	**$ 1,456,614**
Reserve transferred on exercise of options			-	-	-	-	-	-
Funds received for shares to be issued		-	-	-	-	106,773	-	106,773
Share based payments		-	20,100	-	-	-	-	20,100
Currency translation adjustment		-	-	-	82,869	-	-	82,869
Net loss for the period		-	-	-	-	-	(2,216,964)	(2,216,964)
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)**
Private placement of units - Jan 6, 2012 - $0.15	23,333,333	3,500,000	-	-	-	(106,773)	-	3,393,227
Proceeds received for shares to be issued		-	-	-	-	363,560	-	363,560
Warrants issued on private placement		(1,404,000)	-	1,404,000	-	-	-	-
Cost of issuance								
Cash commission paid		(235,087)	-	-	-	-	-	(235,087)
Fair value assigned to broker warrants		(196,000)	-	196,000	-	-	-	-
Share based payments		-	33,600	-	-	-	-	33,600
Currency translation adjustment		-	-	-	54,308	-	-	54,308
Net loss for the period		-	-	-	-	-	(3,709,193)	(3,709,193)
Balance at September 30, 2012	**85,531,497**	**$ 12,548,072**	**$ 1,476,500**	**$ 4,985,814**	**33,080**	**$ 363,560**	**$ (20,057,219)**	**$ (650,193)**

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

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

		September 30, 2012		September 30, 2011
Operating Activities				
Net loss	$	**(3,709,193)**	$	(5,137,150)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share based payments (Note 8)		**33,600**		1,279,800
Amortization		**20,728**		6,451
Unrealized foreign exchange loss (gain)		**53,080**		(94,036)
Net change in non-cash working capital items:				
Prepaid expenses		**(111,688)**		(300,148)
Trade and other receivables		**(251)**		108,041
Trade and other payables		**301,745**		331,760
Cash flow used in operating activities		**(3,411,979)**		(3,805,282)
Financing Activities				
Issue of common shares, net of issue costs		**3,158,140**		173,261
Proceeds received for shares to be issued		**363,560**		-
Repayments to related parties		**29,188**		(12,130)
Loans received		**113,289**		-
Loan repayments		**(57,057)**		-
Cash flow provided from financing activities		**3,607,120**		161,131
Investing Activities				
Purchase of property, plant and equipment		**(4,546)**		(97,776)
Cash flow used in investing activities		**(4,546)**		(97,776)
Net increase (decrease) in cash		**190,595**		(3,741,927)
Cash, beginning of period		**71,118**		5,515,661
Cash, end of period	$	**261,713**	$	1,773,734

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

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.

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 September 30, 2012 the Company has accumulated deficit of approximately $20,057,219 (December 31, 2011 - $16,348,026) and has incurred losses of $3,709,193 for the nine month period ended September 30, 2012 (Year ended December 31, 2011 - $7,354,114).

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION, (continued)

2.2 Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 annual financial statements.

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 7 '*Financial Instruments, Disclosures*' - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.
- 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.
- 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.
- IAS 1 '*Presentation of Financial Statements'* - the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.
- IAS 12 '*Income Taxes*' – In December 2010, effective for annual periods beginning on or after January 1, 2012, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, *Income Taxes – recovery of revalued non-depreciable assets*, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

2. BASIS OF PRESENTATION, (continued)

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

- IAS 19 '*Employee Benefits*' - effective for annual periods beginning on or after January 1, 2013, a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.
- IAS 27 '*Separate Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 '*Investments in Associates and Joint Ventures'* - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.
- IAS 32 '*Financial instruments, Presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2013, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

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. 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 September 30, 2012, 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 $19,373,946 (December 31, 2011 - $15,818,646).

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 nine month period ended September 30, 2012. The Company is not subject to externally imposed capital requirements.

4. 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 September 30, 2012, 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 September 30, 2012, the Company had a cash balance of $261,713 (December 31, 2011 - $71,118) to settle current liabilities of $1,422,510 (December 31, 2011 - $1,034,390).

All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms. The Company can’t ensure there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company’s holding cash. The Company is currently seeking sources of funding to meet short term liabilities, and short term requirements.

Market 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.

4. 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 6. 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 September 30, 2012, 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 September 30, 2012, 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 nine month period ended September 30, 2012 would have been approximately $39,000 higher/lower respectively as a result of foreign exchange losses/gains on translation of Canadian dollar denominated financial instruments.

(Expressed in Canadian Dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fixtures	Computer Equipment & Software	Total
Cost			
As at January 1, 2011	7,224	17,102	24,326
Additions	1,060	119,889	120,949
As at December 31, 2011	8,284	136,991	145,275
Additions	**4,546**	**-**	**4,546**
Effects of foreign exchange	**206**	**2,078**	**2,284**
As at September 30, 2012	**13,036**	**139,069**	**152,105**
Accumulated Amortization			
As of January 1, 2011	1,322	549	1,871
Additions	757	16,501	17,258
As at December 31, 2010	2,079	17,050	19,129
Additions	**1,860**	**18,868**	**20,728**
Effects of foreign exchange	**28**	**73**	**101**
As at September 30, 2012	**3,967**	**35,991**	**39,958**
Net Book Value			
As at January 1, 2011	5,902	16,553	22,455
As at December 31, 2011	6,205	119,941	126,146
As at September 30, 2012	**9,069**	**103,078**	**112,147**

6. 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.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

	Number of Shares	Stated Value
COMMON SHARES		
Balance, January 1, 2011	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 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**
Private placement of units - January 6, 2012 - $0.15 (i)	23,333,334	3,500,000
Warrants issued on private placement	-	(1,404,000)
Cost of issuance		
Cash commissions paid	-	(235,087)
Fair market value assigned to broker warrants	-	(196,000)
Balance, September 30, 2012	**85,531,498**	**12,548,072**

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 September 30, 2012, 977,976 (December 31, 2011 – 611,235) shares have been released.

(i) On January 6, 2012, the Company issued 23,333,334 units at $0.15 pursuant to a private placement for gross proceeds of $3,500,000. Each unit consisted of one common share and ½ common share purchase warrant. Each common share purchase warrant is exercisable for one common share at a price of $0.30 per share, expiring on January 6, 2014.

The fair value of the 11,666,671 share purchase warrants was estimated at $1,404,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.95%; volatility 100% and an expected life of 2 years.

The Company paid a cash finder’s fee equal to 7% of the gross proceeds raised from the Canadian shareholders by the brokers and 3% on certain proceeds raised by the corporation. In addition, the Company issued 1,218,917 compensation warrants ("agent warrants") equal to 7% of the number of the securities issued as brought in by the relevant finder and 3% of certain units brought in by the corporation. Each agent warrant is exercisable for one share at a price of $0.15 per share expiring after 24 months.

The fair value of the 1,218,917 agent warrants was estimated at $196,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.95%; volatility 100% and an expected life of 2 years.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL, (continued)

(c) Shares to be issued

As at September 30, 2012, consideration of $363,560 (December 31, 2011 - $106,773) had been received pertaining to share subscriptions settled after the year end.

8. SHARE BASED PAYMENTS

Quia established a stock option 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:

	September 30, 2012			December 31, 2011		
		Weighted Average Exercise Price	**Number of Options**		Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	**$**	**0.54**	**4,309,500**	$	0.29	1,559,000
Transaction during the year:						
Granted		**-**	**-**		0.61	3,250,000
Exercised		**-**	**-**		0.22	459,500
Expired		**0.60**	**(50,000)**		0.30	(40,000)
Outstanding at end of year		**0.54**	**4,259,500**		0.54	4,309,500
Exercisable at end of year	**$**	**0.53**	**4,109,500**	$	0.53	4,084,500

The following table provides additional information about outstanding stock options at September 30, 2012:

	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**	**2.52**	**$**	**0.22**	**459,500**	**$**	**0.22**
$ 0.40	**600,000**	**3.14**	**$**	**0.40**	**600,000**	**$**	**0.40**
$ 0.60 – 0.65	**3,200,000**	**3.39**	**$**	**0.61**	**3,050,000**	**$**	**0.61**
$ 0.15 - $0.65	**4,259,500**	**3.26**	**$**	**0.54**	**4,109,500**	**$**	**0.53**

(Expressed in Canadian Dollars)

8. 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	
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

During the nine month period ended September 30, 2012, $33,600 of share based payments expense was recognized in relation to the vesting of the options issued on April 1, 2011.

9. 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
January 6, 2014	11,666,671	0.30
January 6, 2014 – agent warrants (2)	1,218,917	0.15
	38,465,122	

(1) Upon exercise, 847,423 broker warrants exercisable at $0.50 will be issued and outstanding.
(2) Upon exercise, 609,459 broker warrants exercisable at $0.30 will be issued and outstanding.

(Expressed in Canadian Dollars)

9. WARRANTS, (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model during the nine month period ended September 30, 2012:

Grant date	**January 6, 2012**	**January 6, 2012**	**Totals**
No. of warrants	11,666,671	1,218,917	12,885,588
Exercise price	$ 0.30	$ 0.15	
Expected life in years	2	2	
Volatility	100%	100%	
Risk-free interest rate	0.95%	0.95%	
Dividend yield	-	-	

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	-	-	-	-	

10. RESERVE FOR SHARE BASED PAYMENTS

Period/year ended	**September 30, 2012**	December 31, 2011
Balance at beginning of period/year	**$ 1,442,900**	$ 179,000
Reserve transferred on exercise of options	**-**	(36,000)
Share based payments	**33,600**	1,299,900
Balance at end of period/year	**$ 1,476,500**	$ 1,442,900

11. RESERVE FOR WARRANTS

Period/year ended	**September 30, 2012**	December 31, 2011
Balance at beginning of period/year	**$ 3,385,814**	$ 3,397,942
Reserve transferred on exercise of warrants	**-**	(72,128)
Warrants issued	**1,600,000**	60,000
Balance at end of period/year	**$ 4,985,814**	$ 3,385,814

(Expressed in Canadian Dollars)

12. GST/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:

	September 30, 2012	December 31, 2011
	$	$
GST/HST and VAT receivable	14,767	14,516
Total trade and other receivables	$ 14,767	$ 14,516

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

	As at,	
	September 30, 2012	December 31, 2011
	$	$
Less than 1 month	14,767	14,516
Over 3 months	-	-
Total trade and other receivables	$ 14,767	$ 14,516

At September 30, 2012, trade and other receivables outstanding are HST 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 4.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2012.

13. PREPAID EXPENSES

	As at,	
	September 30, 2012	December 31, 2011
	$	$
Advances to suppliers	45,185	15,275
Rent deposit	53,970	-
Deposit on drilling contract	265,070	197,562
Insurance	4,734	12,321
Other	14,731	46,844
Total prepaid expenses	$ 383,690	$ 272,002

(Expressed in Canadian Dollars)

14. 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:

	September 30, 2012	December 31, 2011
	$	$
Less than 1 month	**184,305**	507,819
1 to 3 months	**146,807**	158,495
Over 3 months	**753,178**	93,984
Total Trade and Other Payables	**$ 1,084,290**	$ 760,298

15. SEGMENTED INFORMATION

Operating Segments

At September 30, 2012 the 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)

15. SEGMENTED INFORMATION, (continued)

	September 30, 2012	December 31, 2011
	$	$
Consolidated net loss		
Canada	**931,465**	2,649,349
Colombia	**2,777,728**	4,704,765
	3,709,193	7,354,114
Significant non-cash items		
Share based payments		
Canada	**33,600**	1,229,900
	33,600	1,229,900

As at,	**September 30, 2012**	December 31, 2011
Total assets		
Canada	**458,081**	106,882
Colombia	**314,236**	376,900
	772,317	483,782

16. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and key management compensation are as follows:

During the nine months ended September 30, 2012, $nil (2011 - US$18,000) was paid as a salary to the former Vice President and Director.

During the nine months ended September 30, 2012, $10,135 (2011 - $nil) was paid for consulting fees to Foundation Market 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. In addition, $5,000 and $12,150 (2011 - $nil and $nil) was paid for consulting fees and rent respectively 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 September 30, 2012 included due to related parties is $10,171 (December 31, 2011 - $1,944).

During the nine months ended September 30, 2012, $36,000 (2011 - $36,520) 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 September 30, 2012 included due to related parties is $22,600 (December 31, 2011 - $nil)

During the nine months ended September 30, 2012, $40,294 (2011 - $40,269) was paid for legal fees to a company in which the Secretary and Director of the Company is a partner. At September 30, 2012, included in due to related parties is $20,549 (December 31, 2010 - $34,063) payable to this company.

During the nine months ended September 30, 2012, $60,000 (2011 - $108,000) was paid to the VP of exploration. As at September 30, 2012, $33,840 is included in due to related parties (December 31, 2011, $48,747).

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

During the nine months ended September 30, 2012, $18,000 (2011 - $42,000) was paid to The Vice-President, Business Development and a Director for exploration related costs. As at September 30, 2012, due to related parties included $29,526 (December 31, 2011 - $58,864).

During the nine months ended September 30, 2012, $62,500 (2011 - $37,500) was paid for services to the chief executive officer. As at September 30, 2012, $51,048 is included in due to related parties (December 31, 2011, $14,125).

During the nine months ended September 30, 2012, $nil (2011 - $44,060) was paid for services to the former chief executive officer and current director.

During the nine months ended September 30, 2012, $45,000 (2011 - $45,000) was paid for services to the chief financial officer. As at September 30, 2012 included in due to related parties is $28,250 (December 31, 2011 - $11,300) payable to the chief financial officer.

During 2011, the Company received non-secured loans of $30,000 from Foundation Opportunities Inc., a company in which the Secretary and Director and CEO and Director of the Company are directors and have an indirect interest, at the rate of 10% per annum payable the earlier of March 1, 2012 or the closing of the financing. As at September 30, 2012 $nil (December 31, 2011 - $30,000) is included as loans and interest payable.

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 September 30, 2012 $nil (December 31, 2011 - $30,000) is included as loan and interest payable.

During 2012, the Company received non-secured loans of $15,000 from various directors at the rate of 10% per annum payable the earlier of December 31, 2012 or the closing of financing. As at September 30, 2012 $15,000 (December 31, 2011 - $nil) is included as loan and interest payable.

During 2012, the Company received non-secured loans of $30,000 from the CFO at the rate of 10% per annum payable the earlier of December 31, 2012 or the closing of financing. As at September 30, 2012 $30,000 (December 31, 2011 - $nil and $nil) is included as loan and interest payable.

During 2012, the Company received non-secured loans of $68,289 from the CEO at the rate of 10% per annum payable the earlier of December 31, 2012 or the closing of financing. As at September 30, 2012 $68,289 (December 31, 2011 - $nil and $nil) is included as loan and interest payable.

Interest payable related to the above loans as at September 30, 2012 amounts to $3,214 (December 31, 2011 - $271).

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

(Expressed in Canadian Dollars)

17. PROVISIONS

	September 30, 2012	December 31, 2011
	$	$
Balance beginning of period/year	**24,778**	24,346
Effect of foreign exchange	**955**	432
Balance end of period/year	**$ 25,733**	$ 24,778

As at September 30, 2012, management decided to accrue an estimated amount of $27,733 (December 31, 2011 - $24,778) 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.

18. SUBSEQUENT EVENTS

On October 25, 2012, the Company closed the first tranche of the non-brokered private placement announced on August 15, 2012, consisting of 5,200,661 units ("Units") for aggregate gross proceeds of $260,033.05. The securities are subject to a four month hold period expiring February 26, 2013. Canaccord Genuity Corp. and Foundation Markets Inc., acting as finders, received cash commissions of $3,383.60 and $1,890 respectively, and Canaccord Genuity Corp., received 67,672 compensation options ("Compensation Options"), each Compensation Option being exercisable into one Unit within 18 months of closing at an exercise price of $0.05.

On October 31, 2012, the Company closed the second tranche of the non-brokered private placement announced August 15, 2012 (in cash and debt conversions) consisting of 13,516,346 units ("Units") and 1,280,000 common shares ("Common Shares") for aggregate gross proceeds of $739,967.30. This second tranch closing included the settlement of debt in the amount of $317,077.30 for 5,061,546 Units to unrelated parties and 1,280,000 Common Shares issued to insiders and related parties. Combined with the first tranche closed on October 25, 2012, the total gross proceeds closed under the non-brokered private placement thus far amount to $1,000,000.