QUIA RESOURCES INC.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended
December 31, 2012 and 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The 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 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 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 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 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 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 Tianjero", 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, 2012 and December 31, 2011 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, 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 in our audits 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, 2012 and December 31, 2011 and its financial performance and its cash flows for the years then 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 29, 2013

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

As at,		**December 31, 2012**		December 31, 2011
Assets				
Current Assets				
Cash	$	**46,596**	$	71,118
GST/HST and other receivables (Note 13)		**9,034**		14,516
Prepaid expenses (Note 14)		**393,484**		272,002
		449,114		357,636
Property, plant and equipment (Note 6)		**107,053**		126,146
	$	**556,167**	$	483,782
Liabilities				
Current Liabilities				
Trade and other payables (Note 15)	$	**491,604**	$	760,298
Provisions (Note 18)		**25,546**		24,778
Due to related parties (Note 17)		**195,941**		189,043
Loans and interest payable (Note 17)		**210,437**		60,271
		923,528		1,034,390
Shareholders' Equity				
Share capital (Note 8 (b))		**13,431,505**		10,883,159
Shares to be issued (Note 8 (c))		**-**		106,773
Reserve for warrants (Note 10 & 12)		**5,005,814**		3,385,814
Reserve for share based payments (Note 9 & 11)		**1,481,600**		1,442,900
Reserve for foreign exchange gains (losses)		**30,768**		(21,228)
Accumulated deficit		**(20,317,048)**		(16,348,026)
		(367,361)		(550,608)
	$	**556,167**	$	483,782

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 16)

Approved on behalf of the Board of Directors on April 29, 2013:

"Yannis Banks" (signed)
CEO and Director

"Dan Noone" (signed)
Director

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

For the years ended December 31,		2012		2011
Expenses				
Management and consulting	$	**476,377**	$	536,392
Travel and promotion		**72,475**		198,093
Office and general		**493,385**		325,770
Exploration and evaluation expenses		**2,602,232**		4,507,364
Professional fees		**150,182**		374,984
Share based payments (Note 9)		**38,700**		1,299,900
Salaries and benefits		**95,314**		65,688
Foreign exchange loss		**103,768**		45,923
Net loss before the undernoted		**(4,032,433)**		(7,354,114)
Gain on settlement of debt (Note 8(b))		**63,415**		-
Net loss	$	**(3,969,018)**	$	(7,354,114)
Other comprehensive loss				
Net loss	$	**(3,969,018)**	$	(7,354,114)
Exchange gain (loss) on translating foreign operations		**51,996**		(12,391)
	$	**(3,917,022)**	$	(7,366,505)
Loss per share-basic and diluted	$	**(0.045)**	$	(0.119)
Weighted average number of shares outstanding		**88,639,820**		62,049,394

Quia Resources Inc.

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 December 31, 2010	**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		-	1,299,900	-	-	-	-	1,299,900
Funds received for shares to be issued		-	-	-	-	106,773	-	106,773
Exchange loss on translating foreign operations		-	-	-	(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)**
Private placements	34,497,875	4,058,227	-	-	-	(106,773)	-	3,951,454
Shares issued for settlement of debt	8,835,465	378,358	-	-	-	-	-	378,358
Warrants issued on private placement		(1,520,000)	-	1,520,000	-	-	-	-
Cost of issuance								
Cash commission paid		(268,239)	-	-	-	-	-	(268,239)
Fair value assigned to broker warrants		(100,000)	-	100,000	-	-	-	-
Share based payments		-	38,700	-	-	-	-	38,700
Exchange gain on translating foreign operations		-	-	-	51,996	-	-	51,996
Net loss for the year		-	-	-	-	-	(3,969,018)	(3,969,018)
Balance at December 31, 2012	**105,531,504**	**$ 13,431,505**	**$ 1,481,600**	**$ 5,005,814**	**$ 30,768**	**$ -**	**$ (20,317,044)**	**$ (367,357)**

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

For the years ended December 31,		2012		2011
Operating Activities				
Net loss	$	**(3,969,022)**	$	(7,354,114)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share based payments (Note 9)		**38,700**		1,299,900
Gain on settlement of debt (Note 8)		**(63,415)**		-
Amortization		**27,653**		17,258
Unrealized foreign exchange loss (gain)		**48,750**		(11,959)
Net change in non-cash working capital items:				
Prepaid expenses		**(121,482)**		(224,653)
GST/HST and other receivables		**5,482**		120,297
Trade and other payables		**(15,617)**		409,890
Cash flow used in operating activities		**(4,048,951)**		(5,743,381)
Financing Activities				
Issue of common shares, net of issue costs		**3,683,215**		173,261
Proceeds received for shares to be issued		**-**		106,773
Amounts received from related parties		**70,898**		85,768
Loans received		**382,900**		53,985
Loan repayments		**(108,038)**		-
Cash flow provided from financing activities		**4,028,975**		419,787
Investing Activities				
Purchase of property, plant and equipment		**(4,546)**		(120,949)
Cash flow used in investing activities		**(4,546)**		(120,949)
Net decrease in cash		**(24,522)**		(5,444,543)
Cash, beginning of year		**71,118**		5,515,661
Cash, end of year	$	**46,596**	$	71,118

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 2905 – 77 King Street West Toronto, Ontario, M5K 1H1.

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, 2012 the Company has a working capital deficiency of $474,414 (December 31, 2011 - $676,754 working capital deficiency), has an accumulated deficit of $20,317,048 (December 31, 2011 - $16,348,026) and has incurred losses of $3,969,022 for the year ended December 31, 2012 (Year ended December 31, 2011 - $7,354,114).

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, 2012.

These consolidated financial statements were authorized by the Board of Directors of the Company on April 29, 2013.

2.2 Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

2.3 Adoption of new and revised standards and interpretations

At the date of authorization of these Financial Statements, the International Accounting Standards Board ("IASB") and the International Financial Reporting Issues Committee ("IFRIC") has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. 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.

- 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'* - was issued by the IASB in May 2011. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

2. BASIS OF PRESENTATION, (continued)

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

- 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 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 11 and 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, 2014, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 loss 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.

3.2 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.

3.3 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%

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 loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.3 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 property, 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.

3.4 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, and the amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2012, no liability for restoration exists.

3.5 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 to parties other than employees 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.5 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 vested 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.

3.6 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.6 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.

3.7 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, 2012 and 2011 all the outstanding stock options and warrants were anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.8 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 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 (loss). The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost using the effective interest rate method as described below. The Company has not classified any financial assets 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.

3.9 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, 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 loss. At December 31, 2012 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 statement of financial position, 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 is considered to be level 1 under the fair value hierarchy.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.10 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 earnings (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 earnings (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.

3.11 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.11 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.

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.

3.12 Provisions

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

3.13 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.

3.14 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 the existence of asset retirement obligations; life of property, plant and equipment, depreciation and depletion of assets; recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing of assets and the measurement of share-based payments and warrants. The most significant judgements relate to recoverability of capitalized amounts, and recognition of deferred tax assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.15 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the subsidiaries in the consolidated group ("Group") 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 statement of loss. Foreign exchange gains and losses that relate to borrowings and cash are presented in the statement of loss 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 reserves for foreign exchange gains (losses).

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 reserves for foreign exchange gains (losses). When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of loss as part of the gain or loss on sale.

The balance due to the Company from its foreign subsidiary is considered to be an investment in the capital of the subsidiary and is treated as net investment in a foreign operations.

4. 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, 2012, the Company's capital consist of share capital, shares to be issued, reserve for warrants, reserve for share based payments, reserve for foreign exchange gains (losses) and deficit in the amount of $(367,361) (December 31, 2011 - $(550,608)).

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, 2012. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL AND OTHER RISK FACTORS

Fair Value

The carrying amount of cash, 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, 2012, cash is 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. 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. Management believes that the credit risk concentration with respect to financial instruments included in cash 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, 2012, the Company had a cash balance of $46,596 (December 31, 2011 - $71,118) to settle current liabilities of $923,528 (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 cash 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.

5. FINANCIAL AND OTHER RISK FACTORS, (continued)

Other Risk Factors

a) 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.

b) Property Risk

The Company's significant mineral properties is the San Lucas Gold Corp property as described in Note 7. 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.

c) 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, 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, accounts payable, due to related parties, loans and interest payable that are denominated in Colombian pesos. As at December 31, 2012, had the Canadian dollar weakened/strengthened by 10% against the Colombian peso with all other variables held constant, the effect on the Company's comprehensive income for the year ended December 31, 2012 would have been approximately $4,000 (2011 - $32,000) higher/lower respectively as a result of foreign exchange losses/gains on translation of Canadian dollar denominated financial instruments.

(Expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fixtures	Computer Equipment & Software	Total
Cost			
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
Additions	**4,546**	**-**	**4,546**
Effects of foreign exchange	**618**	**3,849**	**4,467**
As at December 31, 2012	**13,448**	**140,840**	**154,288**
Accumulated Amortization			
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
Additions	**2,228**	**25,425**	**27,653**
Effects of foreign exchange	**69**	**384**	**453**
As at December 31, 2012	**4,376**	**42,859**	**47,235**
Net Book Value			
As at December 31, 2010	5,902	16,553	22,455
As at December 31, 2011	6,205	119,941	126,146
As at December 31, 2012	**9,072**	**97,981**	**107,053**

7. 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. The value of the transaction was based on the equity instrument granted, as the value of the mineral properties could not be reliably measured.

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. The value of the transaction was based on the equity instrument granted, as the value of the mineral properties could not be reliably measured.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

	Number of Shares	Stated Value
COMMON SHARES		
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 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)	23,333,333	3,500,000
Private placement of units - October 25, 2012 - $0.05 (ii)	2,706,742	135,337
Private placement of units - October 31, 2012 - $0.05 (iii)	8,457,800	422,890
Share issued for settlement of debt (ii & iii)	8,835,465	378,358
Warrants issued on private placement	-	(1,520,000)
Cost of issuance		
Cash commissions paid	-	(268,239)
Fair market value assigned to broker warrants	-	(100,000)
Balance, December 31, 2012	**105,531,504**	**13,431,505**

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, 2012, 1,344,717 (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%; share price of $0.25; 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 1,242,250 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 unit with the same terms as the private placement, at a price of $0.15 expiring after 24 months.

8. SHARE CAPITAL, (continued)

The fair value of the 1,242,250 agent warrants was estimated at $98,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.95%; volatility 100%; unit price of $0.15; and an expected life of 2 years.

(ii) On October 25, 2012, the Company issued 5,200,661 units at $0.05 pursuant to a private placement for gross proceeds of $260,033. 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 $0.10 per share, expiring on April 25, 2014. The issuance included settlement of debt in the amount of $124,696 for 2,493,919 units to related parties. The Company did not incur a gain or loss on settlement of debt.

The fair value of the 2,600,331 share purchase warrants was estimated at $37,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.15%; volatility 100%; share price of $0.05; and an expected life of 1.5 years.

The Company paid a cash finder's fee equal to 7% of the gross proceeds raised from the Canadian shareholders by the brokers. In addition, the Company issued 67,672 compensation warrants ("agent warrants") equal to 7% of the number of the securities issued as brought in by the relevant finder. Each agent warrant is exercisable for one unit with the same terms as the private placement, at a price of $0.05 per unit expiring after 18 months.

The fair value of the 67,672 agent warrants was estimated at $2,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.15%; volatility 100% and an expected life of 1.5 years.

(iii) On October 31, 2012, the Company issued 13,519,346 units at $0.05 and 1,280,000 shares at $0.05 pursuant to a private placement for gross proceeds of $739,967. 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 $0.10 per share, expiring on April 30, 2014. The issuance included settlement of debt in the amount of $317,077 for 5,061,546 units to unrelated parties and 1,280,000 common shares issued to insiders and related parties. The Company incurred a gain on settlement of debt of $63,415 (December 31, 2011 - $nil) during the year ended December 31, 2012.

The fair value of the 6,759,673 share purchase warrants was estimated at $79,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.08%; volatility 100% and an expected life of 1.5 years.

Volatility on the above warrant valuations were based on the volatility of similar companies.

(c) Shares to be issued

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

(Expressed in Canadian Dollars)

9. 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:

	December 31, 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**	**(150,000)**	0.30	(40,000)
Outstanding at end of year	**0.53**	**4,159,500**	0.54	4,309,500
Exercisable at end of year	**$ 0.53**	**4,084,500**	$ 0.53	4,084,500

The following table provides additional information about outstanding stock options at December 31, 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**	**2.27**	**$ 0.22**	**459,500**	**$ 0.22**
$ 0.40	**600,000**	**2.39**	**$ 0.40**	**600,000**	**$ 0.40**
$ 0.60 – 0.65	**3,100,000**	**3.14**	**$ 0.61**	**3,025,000**	**$ 0.61**
$ 0.15 - $0.65	**4,159,500**	**3.01**	**$ 0.53**	**4,084,500**	**$ 0.53**

(Expressed in Canadian Dollars)

9. 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	$ 0.34	$ 0.59	$ 0.52	
Share 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

Volatility on the above warrant valuations were based on the volatility of similar companies.

During the year ended December 31, 2012, $38,700 of share based payments expense was recognized in relation to the vesting of the options issued on April 1, 2011.

10. WARRANTS

Month of Expiry	**No. of Warrants**	**Exercise Price**
		($)
January 6, 2013	15,426,574	0.50
January 6, 2013	880,000	0.25
January 6, 2013 – warrant for broker unit (1)	847,423	0.30
January 6, 2013 – agent warrant	95,536	0.50
January 6, 2014	11,666,671	0.30
January 6, 2014 – agent warrants (2)	1,242,250	0.15
April 25, 2014	2,600,331	0.10
April 25, 2014 – agent warrants (3)	67,672	0.05
April 30, 2014	6,759,673	0.10
	39,586,130	

(1) Upon exercise of the agent warrants, 847,423 broker warrants exercisable into one common share at $0.50 will be issued and outstanding.

(2) Upon exercise of the agent warrants, 609,459 broker warrants exercisable into one common share at $0.30 will be issued and outstanding.

(3) Upon exercise of the agent warrants, 67,672 broker warrants exercisable into one common share at $0.10 will be issued and outstanding.

(Expressed in Canadian Dollars)

10. WARRANTS, (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2012:

Grant date	**January 6, 2012**	**January 6, 2012**	**October 25, 2012**	**October 25, 2012**	**October 31, 2012**	**Totals**
No. of warrants	11,666,671	1,242,250	2,600,331	67,672	6,759,673	22,336,599
Exercise price	$ 0.30	$ 0.15	$ 0.10	$ 0.05	$ 0.10	
Share/unit price	$ 0.25	$ 0.25	$ 0.05	$ 0.05	$ 0.05	
Expected life in years	2	2	1.5	1.5	1.5	
Volatility	100%	100%	100%	100%	100%	
Risk-free interest rate	0.95%	0.95%	1.15%	1.15%	1.08%	
Dividend yield	-	-	-	-	-	

Volatility on the above warrant valuations were based on the volatility of similar companies.

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	
Share/unit price	$ 0.57	$ 0.46	$ 0.45	$ 0.43	
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	-	-	-	-	

11. RESERVE FOR SHARE BASED PAYMENTS

Year ended	**December 31, 2012**	December 31, 2011
Balance at beginning of year	**$ 1,442,900**	$ 179,000
Reserve transferred on exercise of options	**-**	(36,000)
Share based payments	**38,700**	1,299,900
Balance at end of year	**$ 1,481,600**	$ 1,442,900

12. RESERVE FOR WARRANTS

Year ended	**December 31, 2012**	December 31, 2011
Balance at beginning of year	**$ 3,385,814**	$ 3,397,942
Reserve transferred on exercise of warrants	**-**	(72,128)
Warrants issued	**1,620,000**	60,000
Balance at end of year	**$ 5,005,814**	$ 3,385,814

(Expressed in Canadian Dollars)

13. GST/HST AND OTHER RECEIVABLES

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

	December 31, 2012	December 31, 2011
GST/HST and VAT receivable	**$ 9,034**	$ 14,516
Total GST/HST and other receivables	**$ 9,034**	$ 14,516

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

	As at,	
	December 31, 2012	December 31, 2011
Less than 1 month	**$ 9,034**	$ 14,516
Over 3 months	**-**	-
Total GST/HST and other receivables	**$ 9,034**	$ 14,516

At December 31, 2012, GST/HST 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 Company holds no collateral for any receivable amounts outstanding as at December 31, 2012.

14. PREPAID EXPENSES

	As at,	
	December 31, 2012	December 31, 2011
Advances to suppliers	**$ 87,971**	$ 15,275
Rent deposit	**36,454**	-
Deposit on drilling contract	**196,181**	197,562
Insurance	**2,083**	12,321
Other	**79,795**	46,844
Total prepaid expenses	**$ 393,484**	$ 272,002

(Expressed in Canadian Dollars)

15. 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:

	December 31, 2012	December 31, 2011
Less than 1 month	**$ 90,998**	$ 507,819
1 to 3 months	**40,921**	158,495
Over 3 months	**359,685**	93,984
Total Trade and Other Payables	**$ 491,604**	$ 760,298

16. SEGMENTED INFORMATION

Operating Segments

At December 31, 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)

16. SEGMENTED INFORMATION, (continued)

	December 31, 2012	December 31, 2011
	$	$
Consolidated net loss		
Canada	**1,214,206**	2,649,349
Colombia	**2,754,816**	4,704,765
	3,969,022	7,354,114
Significant non-cash items		
Share based payments		
Canada	**38,700**	1,229,900
	38,700	1,229,900

As at,	**December 31, 2012**	December 31, 2011
Total assets		
Canada	**158,545**	106,882
Colombia	**397,622**	376,900
	556,167	483,782

17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and key management compensation are as follows:

During the year ended December 31, 2012, $nil (2011 - US$18,000) was paid as a salary to the former Vice President and Director.

During the year ended December 31, 2012, $12,025 (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 directors and have an indirect interest. In addition, $15,000 and $16,200 (2011 - $1,944 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 December 31, 2012 included due to related parties is $4,748 (December 31, 2011 - $1,944) payable to FOI.

During the year ended December 31, 2012, $48,000 (2011 - $48,000) 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, 2012 included due to related parties is $21,160 (December 31, 2011 - $nil) payable to the Company.

During the year ended December 31, 2012, $52,736 (2011 - $76,570) was paid for legal fees to a company in which the Secretary and Director of the Company is a partner. At December 31, 2012, included in due to related parties is $22,118 (December 31, 2011 - $34,063) payable to this company.

During the year ended December 31, 2012, $60,000 (2011 - $144,000) was paid to the VP of exploration. As at December 31, 2012, $28,840 is included in due to related parties (December 31, 2011, $68,747) payable to this VP.

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

During the year ended December 31, 2012, $24,000 (2011 - $115,315) was paid to the Vice-President, Business Development and a Director for exploration related costs. As at December 31, 2012, due to related parties included $14,526 (December 31, 2011 - $58,864) payable to this individual.

During the year ended December 31, 2012, $100,000 (2011 - $56,250) was paid for services to the chief executive officer. As at December 31, 2012, $78,250 is included in due to related parties (December 31, 2011, $14,125) due to this individual.

During the year ended December 31, 2012, $nil (2011 - $44,060) was paid for services to the former chief executive officer and current director.

During the year ended December 31, 2012, $60,000 (2011 - $60,000) was paid for services to the chief financial officer. As at December 31, 2012 included in due to related parties is $26,300 (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 December 31, 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 December 31, 2012 $nil (December 31, 2011 - $30,000) is included as loan and interest payable.

During 2012, the Company received non-secured loans of $86,000 from various directors at the rate of 10% per annum payable the earlier of December 31, 2012 or the closing of financing. As at December 31, 2012 $31,000 (December 31, 2011 - $nil) is included as loan and interest payable.

During 2012, the Company received non-secured loans of $60,000 from the CFO at the rate of 10% per annum payable the earlier of December 31, 2012 or the closing of financing. As at December 31, 2012 $30,000 (December 31, 2011 - $nil) is included as loan and interest payable.

During 2012, the Company received non-secured loans of $236,900 from the CEO at the rate of 10% per annum payable the earlier of December 31, 2012 or the closing of financing. As at December 31, 2012 $143,189 (December 31, 2011 - $nil) is included as loan and interest payable.

Interest payable related to the above loans as at December 31, 2012 amounts to $6,248 (December 31, 2011 - $271).

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

All key management compensation has been included above.

(Expressed in Canadian Dollars)

18. PROVISIONS

	December 31, 2012	December 31, 2011
Balance beginning of year	$ 24,778	$ 24,346
Effect of foreign exchange	768	432
Balance end of year	$ 25,546	$ 24,778

As at December 31, 2012, management accrued an estimated amount of $25,546 (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.

19. INCOME TAXES

Provision for Income Taxes

The Canadian statutory income tax rate of 26.50% (2011 - 28.25%) is comprised of the federal income tax rate at approximately 15% (2011 – 16.5%) and the provincial income tax rate of approximately 11.50% (2011 – 11.75%). The Colombian income tax rate is approximately 33% (2011 – 33%).

The reported income taxes differ from the amounts obtained by applying statutory rates of 26.50% (2011 – 28.25%) to the net loss as follows:

	2012	2011
Components of the income tax provision:		
Income taxes at statutory tax rates	$ (1,052,000)	$ (2,078,000)
Difference between Canadian and foreign tax rates	(176,000)	(376,000)
Changes in current and future tax rates and other	(118,000)	196,000
Share issue costs	(71,000)	(1,000)
Stock based compensation, and other non deductible expenses	26,000	371,000
Deferred tax asset not recognized	1,391,000	1,888,000
Income tax expense	$ -	$ -

Deferred Income Taxes

The primary differences which give rise to the deferred income tax recoveries at December 31, 2012 and December 31, 2011 are as follows:

(Expressed in Canadian Dollars)

19. INCOME TAXES, (continued)

	2012	2011
	$	$
Deferred income tax assets		
Share issuance costs	**203,000**	214,000
Mineral properties and other	**3,222,000**	2,342,000
Operating losses carried forward	**2,548,000**	2,026,000
	5,973,000	4,582,000
Less : deferred tax asset not recognized	**(5,973,000)**	(4,582,000)
Net deferred tax assets	**-**	-

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	$	113,270
2028		918,464
2029		889,768
2030		1,924,482
2031		1,351,825
2032		1,295,444
No expiry		2,425,896
	$	9,019,149