QUIA RESOURCES INC.
Management's Discussion and Analysis
of Financial Condition and Results of Operation
For the year ended December 31, 2012

Management's discussion and analysis (MD&A) is current to April 29, 2013 and is management's assessment of the operations and the financial results together with future prospects of Quia Resources Inc. ("Quia" or the "Company"). This MD&A should be read in conjunction with our audited consolidated financial statements and related notes for the years ended December 31, 2012 and 2011, prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Quia's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. This MD&A should be read in conjunction with the most recent Annual Information form ("AIF") on file with the provincial securities regulatory authorities. Additional information relevant to Quia's activities, including Quia's Press Releases can be found on SEDAR at www.sedar.com.

TABLE OF CONTENTS

1. **Description of Business** 2
2. **Recent Developments** 2
3. **Overall Performance** 3
4. **Summary of Quarterly Results** 8
5. **Related-party Transactions** 9
6. **Financial Instruments and other Instruments** 13
7. **Cautionary Note Regarding Forward Looking Statements** 17
8. **Management's Responsibility for Financial Information** 18

1. Description of Business

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 profitability and operating cash flow of the Company is affected by various factors, including the market price of gold, operating costs, interest rates, regulatory and environmental compliance, general and administrative costs, the level of exploration and development expenditures and other discretionary costs. While Quia seeks to manage the level of risk associated with its business, many of the factors affecting these risks are beyond the Company's control.

As at April 29, 2013, the directors and officers of the Company were:

Yannis Banks	CEO and Director
Dan Noone	Chairman
Adam Szweras	Director and Corporate Secretary
Richard Brown	Director and VP Business Development
Paul Lin	Director
Lew Lawrick	Director
Iain Kelso	Director
Andres Tinajero	Chief Financial Officer

Iain Kelso, P.Geo. is the "Qualified Person" for the Company under the definition of National Instrument 43-101.

2. Recent Developments

Financing Developments

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 13,519,348 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.

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

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

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

Exploration Developments

The San Lucas Property (the "San Lucas Property") consists of 17 semi-contiguous concession contracts comprising a total area of approximately 6,980 hectares in the Department of Bolivar, Colombia. Quia, through its wholly owned subsidiary San Lucas Gold Corp., holds 100% interest in San Lucas Property. On February 21, 2012 San Lucas Gold Corp entered into an agreement to acquire two adjacent concessions totaling 2,158 hectares. Following the acquisition, the company's land holdings total approximately 9,138 hectares.

In its Phase 1 surface campaign completed between August 2010 and February 2011, Quia conducted approximately 28 square kilometres of surface soil sampling and geologic mapping over target areas identified through the previously completed airborne geophysical survey and satellite image structural interpretation.
In May 2011, subsequent to completion of the first phase of surface work, Quia completed 10 line kilometres of induced polarization and ground magnetic surveys over anomalies identified through the Phase 1 surface campaign.

The Phase 1 drilling campaign began June 11th with drill hole SL1102 at Platform B. Drilling at hole SL1101 from Platform A began June 29th. At the end of 2011, 3,134 metres had been completed in 14 holes. In January 2012 Quia terminated its drill contractor and replaced them with a new contractor with a smaller rig-type better suited to the conditions of the San Lucas property. As of March 20th, the phase one drill program re-started with one drill rig. In May 2012, the phase 1 drill program was completed, with an additional 1,157 metres drilled in 6 holes, for a total of 4,292 metres in 20 holes.

The majority of drilling in 2011 focused on the La Colina target - a gold-in-soil anomaly coincident with the contact between gneissic rocks and quartz diorite porphyry rocks to the east, a strong uranium-thorium anomaly, and a strong IP chargeability anomaly. The drilling established

the presence of a disseminated gold system hosted within tectonic breccias and potentially continuous over a strike length of 800 metres.

In 2012, drilling focused on the south-west part of the La Rueda target (Rueda South) -- a gold-in-soil anomaly coincident with a granodiorite instrusive body and a cluster of small scale artisanal mines. Two vein systems were mapped in the area, one trending north-east, and one north-west. Five holes were drilled to test the two vein systems. Drilling confirmed the presence of narrow, high-grade gold mineralization in the area of Rueda South. Its along-strike position with Rueda North (and drill intercepts there) suggests the potential for a mineralized vein system with a strike length of approximately1300 metres. The holes which tested the cross-cutting north-west structure showed interesting alteration but did not return any significant gold values. One hole was also drilled in 2012 to test a shear zone target that was more recently interpreted, north-west of La Colina, which consisted of a 1.5km long multi-element geochemical anomaly coincident with a magnetic high. The hole did not return any significant gold values but did contain an intersection of above-background copper values. The Durmiente target and Libertad targets remain to be drill tested.

Altogether, the phase 1 surface and drill program significantly advanced the Company's understanding of the geology of the project and provided encouraging information regarding both the potential for a significant high-grade mesothermal system with multiple parallel zones that extend over significant strike lengths, as well as the potential for porphyry-type deposits. The company plans to incorporate both deposit models in its next phase of exploration.

Since the completion of the phase 1 drill program the company has focused on re-logging all of its drill core with the aim of better understanding the geology of the area and to assist it in planning its phase 2 program. Subject to securing adequate financing or a joint-venture partner, the company is planning to complete more surface work at the Libertad and Durmiente targets to get them to the drill-ready stage, do follow-up surface work on other anomalies that have been identified on the property, and conduct further regional reconnaissance exploration on parts of the property which have not been visited yet.

The Libertad structure is a north-south striking, steeply dipping mineralized vein-breccia system that is hosted within black schistose rocks of the Caja Marca Terrane in the north block of the Company's property. The Libertad structure is directly associated with the north-south striking Palestina fault system which locally separates the metamorphic rocks of the Caja Marca Terrane from the plutonic rocks of the Norosí batholith to the east. Based on its exposed position in several tunnels, the Libertad structure can be mapped with confidence over a strike length of 600 metres along which its true width has been observed to vary between 1 and 3.5 metres. Results of soil sampling indicate the structure has a continuous strike of at least 1 km and is open in both directions. Separate underground channel samples returned grades as high as 39 g Au/t and 100 g Ag/t.

The Durmiente area is a large geochemical and magnetic anomaly. The anomaly is expressed by a strong Ag-Pb-As-Cu-Mo (+Au) correlation and is also coincident with a topographic high and at least two magnetic anomalies, each of which measure approximately 600 by 600 metres in size.

Corporate Developments

While the Company successfully closed two tranches of a private placement on October 25, 2012 and October 31, 2012, the Company is seeking further funding to adequately carry out its planned phase 2 exploration program. In this regard, the Company is also considering joint ventures and other financing alternatives which may better allow the Company to move its exploration plans forward in the current challenging financing environment for junior exploration companies. The Company has initiated discussions with several parties in this regard. There is no guarantee that any of these discussions will culminate in an investment, joint-venture or other type of transaction or financing arrangement, however, the company is putting significant effort into pursuing such alternative financing sources.

3. Overall Performance

For the year ended December 31, 2012, the Company's cash position decreased by $24,522 to $46,596 from $71,118 at December 31, 2011. This decrease is primarily due to exploration and evaluation expenditures and general operating costs incurred in this period offset by the private placements closed on January 6, 2012 and October 2012.

The Company is engaged in the business of preliminary or early stage mineral exploration and mine development. The Company holds no interests in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of gold or other mineral resources are discovered. If in the future a discovery is made, substantial financial resources will be required to establish ore reserves. Additional substantial financial resources will be required to develop mining and processing for any ore reserves that may be discovered. If the Company is unable to finance the establishment of ore reserves or the development of mining and processing facilities it will be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

Results of Operations

Selected Annual Information

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	$	$	$
Loss before income taxes	3,969,022	7,354,114	3,297,418
Net Loss	3,969,022	7,354,114	3,297,418
Loss per weighted average share – basic and diluted	$0.045	$0.119	$0.080
Total Assets	556,167	483,782	5,720,278

Three month period ended December 31, 2012

The Company incurred a net loss of $259,829 or $0.003 a share for the three month period ended December 31, 2012, compared with a net loss of $2,216,964 or $0.035 a share for the same period ended December 31, 2011.

For the three month period ended December 31, 2012, management and consulting fees increased by $108,668 to $74,508 from $(34,160) in the same period in 2011. Management and consulting fees decreased in the comparable period as some consultants left the Company and some members of the management team were replaced. However, due to reclassifications of certain consulting fees to exploration and evaluation expenditures during the last quarter of fiscal 2011, the expense increased overall as the prior year had a negative expense for the quarter.

Travel and promotion expenses for the three month period ended December 31, 2012 increased by $368,845 to $10,722 from $(358,123) in the same period in 2011. Travel expenses decreased as the Company controlled costs wherever possible in light of the current financial situation. However, due to reclassifications of certain travel costs to exploration and evaluation expenditures during the last quarter of fiscal 2011, the expense increased overall as the prior year had a negative expense for the quarter.

Total office and general costs increased in the three month period ended December 31, 2012, by $168,819 to $89,673 from $(79,146) in 2011. The expense increased due to the Company transitioning the office to Medellin from Bogota during the year. The expense is further increased due to reclassifications of certain office and general costs to exploration and evaluation expenditures during the last quarter of fiscal 2011, the expense increased overall as the prior year had a negative expense for the quarter.

Total exploration and evaluation costs decreased in the three month period ended December 31, 2012, by $2,701,997 to $(13,737) from $2,688,260 in 2011. The Company is currently developing its wholly owned San Lucas Gold project. The decrease mainly reflects the Company's current cash position and the economic times and the fact that the Company is conserving cash and decreasing exploration activities as it focuses on raising money. The higher exploration costs during 2011 is also due to account reclassifications in the prior year quarter from various expense accounts to exploration and evaluation. The current quarters negative expense reflects very little exploration costs in the last quarter of the year and foreign exchange on the expenditures.

Professional fees increased by $25,366 to $90,426 during the three month period ended December 31, 2012 compared to $65,060 in the same period in 2011. The increase is attributable to higher legal fees on general corporate matters during 2012 in relation to lawyers in Colombia for work in connection with the Company's property and local operations.

The Company incurred share based payments for the three month period ended December 31, 2012 of $5,100 compared to $20,100 for the same period in 2011. Share based payments are booked based on the valuation of options using the Black-Scholes model and based on other payment of expenses in shares. The decrease is due to graded vesting recognizing a higher expense in the earlier part of the vesting period of the options.

Total salaries and benefits costs increased in the three month period ended December 31, 2012, by $175,655 to $43,973 from $(131,682) in 2011. Salaries expense increased in the comparative quarter due to more employees being hired in Colombia. The amount further increased due to reclassifications of certain salary costs to exploration and evaluation expenditures during the last quarter of fiscal 2011, the expense increased overall as the prior year had a negative expense for the quarter.

Year ended December 31, 2012

The Company incurred a net loss of $3,969,022 or $0.045 a share for the year ended December 31, 2012, compared with a net loss of $7,354,114 or $0.119 a share for the same period ended December 31, 2011.

For the year ended December 31, 2012, management and consulting fees decreased by $60,015 to $476,377 from $536,392 in the same period in 2011. Management and consulting fees decreased in the comparable period as some consultants left the Company and some members of the management team were replaced.

Travel and promotion expenses for the year ended December 31, 2012 decreased by $125,618 to $72,475 from $198,093 in the same period in 2011. The decrease is due to the fact that travel related to the properties decreased in the year as the Company conserved cash due to the market conditions.

Total office and general costs increased in the year ended December 31, 2012, by $167,615 to $493,385 from $325,770 in 2011. The expense increased due to the Company transitioning the office to Medellin from Bogota during the year.

Total exploration and evaluation costs decreased in the year ended December 31, 2012, by $1,905,132 to $2,602,232 from $4,507,364 in 2011. The Company is currently developing its wholly owned San Lucas Gold project. The decrease mainly reflects the Company decreasing activity on the property due to its current financial situation.

Professional fees decreased by $224,802 to $150,182 during the year ended December 31, 2012 compared to $374,984 in the same period in 2011. The decrease is attributable to higher legal fees on general corporate matters during 2011 and higher fees due to the conversion to IFRS.

The Company incurred share based payments for the year ended December 31, 2012 of $38,700 compared to $1,299,900 for the same period in 2011. Share based payments are booked based on the valuation of options using the Black-Scholes model and based on other payment of expenses in shares. The decrease is due to graded vesting recognizing a higher expense in the earlier part of the vesting period of the options.

Total salaries and benefits costs increased in the year ended December 31, 2012, by $29,626 to $95,314 from $65,688 in 2011. The increase is due to the CEO being hired on as an employee as opposed to consulting fees in the prior year.

4. Summary of Quarterly Results

Selected financial information for the eight quarters as follows:

	December 31, 2012 $	September 30, 2012 $	June 30, 2012 $	March 31, 2012 $
Total Revenue	-	-	-	-
Net Loss	259,829	573,732	1,693,644	1,441,817
Loss Per Share – basic and diluted	$0.001	$0.007	$0.020	$0.017

	December 31, 2011 $	September 30, 2011 $	June 30, 2011 $	March 31, 2011 $
Total Revenue	-	-	-	-
Net Loss	2,216,964	1,674,255	1,417,220	2,045,675
Loss Per Share– basic and diluted	$0.035	$0.027	$0.023	$0.033

Working Capital

As at December 31, 2012, the Company had net working capital deficiency of $474,414 compared to a working capital deficiency of $676,754 as at December 31, 2011.

A summary of the Company's cash position and changes in cash for the years ended December 31, 2012 and 2011 are provided below:

	Years ended December 31,	
	2012	2011
Cash used in operating activities – net	**(4,048,951)**	(5,743,381)
Cash used in investing activities	**(4,546)**	(120,949)
Cash provided by financing activities	**4,028,975**	419,787
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

Liquidity Outlook

Quia had cash of $46,596 available at December 31, 2012, a decrease of $24,522 from the balance at December 31, 2011 of $71,118. This decrease is mainly due to exploration and evaluation expenditures and general operating expenses in the period offset by the private placement for gross proceeds of $3,500,000 closed on January 6, 2012 as well as proceeds from two tranches of $260,033 and $739,967, respectively, of which $317,077 from the second tranche represented settlements of debt, received for the private placement closed in October 2012.

As noted above, the Company's working capital decreased by $202,340 to a working capital deficiency of $474,414 from a working capital deficiency of $676,754 at December 31, 2011.

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.

5. Related-party Transactions

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.

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.

Disclosure of Outstanding Share Data April 29, 2013

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	105,531,504 Common Shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 4,159,500 common shares b) 22,313,283 Warrants exercisable to acquire common shares of the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and

does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Critical Accounting Estimates

Assessment of Recoverability of Future Income Tax Assets

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.

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.

Estimate of Share Based Payments and Associated Assumptions

Quia uses the fair value method in accounting for share based payments. Under this method, share based payments are measured at the fair value of the equity instruments issued, and are amortized over the vesting period. The offset to the recorded cost is to reserve for share based payments.

The Company recorded share based payments based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 9 of the December 31, 2012 consolidated financial statements for a full disclosure.

Assessment of Recoverability of Receivables Including HST

The carrying amount of accounts receivables, and HST are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

Impairment of Long-lived Assets

Quia reviews long lived assets for impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on long-lived assets are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses then are measured by comparing the fair value of assets to their carrying amounts.

Asset Retirement Obligations
At December 31, 2012, the Company has made no provision for site restoration costs or potential environmental liabilities as all properties are sill in the exploration stages. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

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

6. Financial Instruments and other Instruments

Net Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities.

Cash has been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and are classified as other financial liabilities, which are measured at amortized cost. The Company has no available for sale instruments.

Additional Capital
The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting
All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition
The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company can not assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.
Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Financial Risk Factors

Fair Value

The carrying amount of cash, provisions, due to related parties, and trade and other payables approximate fair value due to the relatively short term maturity of these financial instruments. The carrying value of loans and interest payable approximate the fair value based on discounted cash flows. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exist. As at December 31, 2012, all financial instruments measured at fair value are considered level 1.

Fair value hierarchy and liquidity risk disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash as at December 31, 2012. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP.

(i) Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level two includes inputs that are observable other than quoted prices included in level one.

(ii) Level three includes inputs that are not based on observable market data.

All of the Company's cash is a level one as per the fair value hierarchy included in GAAP.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

A) 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.

B) Market Risk

i.) 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.

ii.) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. 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.

iii.) 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 requirements.

iv.) 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.

v.) 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.

Sensitivity Analysis

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

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, loans receivable, accounts payable, due to related parties, loans and interest payable and provisions that are denominated in Colombian pesos. As at December 31, 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 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.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the

reliability of financial reporting and financial statement preparation.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Proposed Transactions
In the normal course of business, as an ongoing part of the exploration process, the Company investigates mineral properties which are submitted to the Board of Directors for consideration.

Evaluation of Disclosure Controls and Procedures
Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the year covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

7. Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Quia to fund the capital and operating expenses necessary to achieve the business

objectives of Quia, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

8. Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

April 29, 2013

Yannis Banks
Chief Executive Officer