QUIA RESOURCES INC.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended
December 31, 2013 and 2012

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 date of the statement of financial position. 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.

"Yanis Banks" (signed)
__________________________, CEO
Yannis Banks

"Marco Guidi" (signed)
_____________________, CFO
Marco Guidi

MNP LLP

Independent Auditor's Report

To the Shareholders of Quia Resources Inc.

We have audited the accompanying consolidated financial statements of Quia Resources Inc., which comprise the statement of financial position as at December 31, 2013, and the statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the year 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 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Quia Resources Inc. as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Quia Resources Inc.'s ability to continue as a going concern.

Other Matters

The consolidated financial statements as at December 31, 2012 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated April 29, 2013.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 30, 2014

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

As at,	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash	$ **16,874**	$ 46,596
GST/HST and other receivables (Note 13)	**17,346**	9,034
Prepaid expenses (Note 14)	**28,195**	393,484
	62,415	449,114
Property, plant and equipment (Note 6)	**82,789**	107,053
	$ **145,204**	$ 556,167
Liabilities		
Current Liabilities		
Trade and other payables (Note 15)	$ **593,591**	$ 491,604
Provisions (Note 18)	**26,109**	25,546
Due to related parties (Note 17)	**351,506**	195,941
Loans and interest payable (Note 17)	**304,899**	210,437
	1,276,105	923,528
Shareholders' Deficiency		
Share capital (Note 8 (b))	**13,791,253**	13,431,505
Shares to be issued (Note 8 (c))	**120,000**	-
Reserve for warrants (Note 10 & 12)	**5,007,114**	5,005,814
Reserve for share based payments (Note 9 & 11)	**1,485,400**	1,481,600
Reserve for foreign exchange gains (losses)	**(6,610)**	30,768
Accumulated deficit	**(21,528,058)**	(20,317,048)
	(1,130,901)	(367,361)
	$ **145,204**	$ 556,167

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 16)
Subsequent Events (Note 20)

Approved on behalf of the Board of Directors on April 30, 2014:

"Yannis Banks" (signed) — *CEO and Director*

"Adam Szweras" (signed) — *Director*

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

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

For the years ended December 31,		2013		2012
Expenses				
Exploration and evaluation expenses	$	**495,608**	$	2,602,232
Office and general		**405,427**		493,385
Management and consulting		**180,912**		476,377
Salaries and benefits		**63,967**		95,314
Professional fees		**52,014**		150,182
Travel and promotion		**29,701**		72,475
Share based payments (Note 9)		**3,800**		38,700
Foreign exchange (gain) loss		**(20,419)**		103,768
Net loss before the undernoted		**(1,211,010)**		(4,032,433)
Gain on settlement of debt (Note 8(b))		**-**		63,415
Net loss		**(1,211,010)**		(3,969,018)
Other comprehensive loss				
Items that will be reclassified subsequently to loss				
Exchange differences on translating foreign operations		**(37,378)**		51,996
Total comprehensive loss		**(1,248,388)**		(3,917,022)
Loss per share-basic and diluted	$	**(0.010)**	$	(0.045)
Weighted average number of shares outstanding		**126,153,422**		88,639,820

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

Quia Resources Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
(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, 2011	**62,198,164**	**$ 10,883,159**	**$ 1,442,900**	**$ 3,385,814**	**$ (21,228)**	**$ 106,773**	**$ (16,348,030)**	**$ (550,612)**
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 loss on translating foreign operation		-	-	-	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**	**$ -**	**$ (20,317,048)**	**$ (367,361)**
Private placements	74,640,000	373,200	-	-	-	-	-	373,200
Funds received for shares to be issued		-	-	-	-	120,000	-	120,000
Cost of issuance								
Cash commission paid		(19,652)	-	-	-	-	-	(19,652)
Fair value assigned to broker warrants		(1,300)	-	1,300	-	-	-	-
Shares issued for services	1,500,000	7,500	-	-	-	-	-	7,500
Share based payments		-	3,800	-	-	-	-	3,800
Exchange gain on translating foreign operation		-	-	-	(37,378)	-	-	(37,378)
Net loss for the year		-	-	-	-	-	(1,211,010)	(1,211,010)
Balance at December 31, 2013	**181,671,504**	**$ 13,791,253**	**$ 1,485,400**	**$ 5,007,114**	**$ (6,610)**	**$ 120,000**	**$ (21,528,058)**	**$ (1,130,901)**

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

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

For the years ended December 31,	**2013**	2012
Operating Activities		
Net loss	$ **(1,211,010)**	$ (3,969,022)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based payments (Note 9)	**3,800**	38,700
Shares issued for services	**7,500**	-
Gain on settlement of debt (Note 8(b))	**-**	(63,415)
Amortization	**22,555**	27,653
Unrealized foreign exchange loss (gain)	**(35,106)**	48,750
Net change in non-cash working capital items:		
Prepaid expenses	**365,289**	(121,482)
GST/HST and other receivables	**(8,312)**	5,482
Trade and other payables	**101,987**	(15,617)
Cash flow used in operating activities	**(753,297)**	(4,048,951)
Financing Activities		
Issue of common shares, net of issue costs	**353,548**	3,683,215
Proceeds received for shares to be issued	**120,000**	-
Amounts received from (paid to) related parties	**155,565**	70,898
Loans received	**94,462**	382,900
Loan repayments	**-**	(108,038)
Cash flow provided from financing activities	**723,575**	4,028,975
Investing Activities		
Purchase of property, plant and equipment	**-**	(4,546)
Cash flow used in investing activities	**-**	(4,546)
Net increase in cash	**(29,722)**	(24,522)
Cash, beginning of year	**46,596**	71,118
Cash, end of year	$ **16,874**	$ 46,596

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 properties for the mining of precious metals and agricultural minerals in Colombia and the United States of America. 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 properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The Company's principal projects are the San Lucas property in Colombia and Murdock Mountain in Nevada. The underlying value of the resource properties and the recoverability of the future exploration costs are entirely dependent on the existence of one or more economically 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. 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. These circumstances may cast substantial doubt as to the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern

As at December 31, 2013 the Company has a working capital deficiency of $1,213,690 (December 31, 2012 - $474,414 working capital deficiency), has an accumulated deficit of $21,528,058 (December 31, 2012 - $20,317,048) and has incurred losses of $1,211,010 for the year ended December 31, 2013 (2012 - $3,969,018.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized by the Board of Directors of the Company on April 30, 2014.

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

Standards and interpretations adopted
The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2013. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Company or the interim consolidated financial statements of the Company.

The nature and impact of each new standard/amendment is described below:

- IAS 1 - Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011. Items in other comprehensive loss will be required to be presented in two categories: items that might be reclassified into earnings or loss and those that will not be reclassified. The flexibility to present statement of comprehensive loss as one statement or two separate statements of earnings and loss and other comprehensive loss remains unchanged. The Company adopted this policy January 1, 2013 and there was no effect on its consolidated financial statements.

  IFRS 10 *Consolidated Financial Statements and* IAS 27 *Separate Financial Statements* IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replace the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over the investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investors returns. This standard is effective for years beginning on or after January 1, 2013. The Company adopted this policy January 1, 2013 and there was no effect on its consolidated financial statements.

2. BA*SIS OF PREPARATION (continued)*

2.3 Ad**option *of new and revised standards a*****nd interpretations (continued)**

- IFRS 11 - Joint Arrangement ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and exposure to variable returns from an investee; and the ability to use power (under joint control) to affect the reporting entity's returns. For entities with the rights to the net assets of an arrangement, equity accounting is used. This standard is effective for years beginning on or after January 1, 2013. The Company adopted this policy January 1, 2013 and there was no effect on its consolidated financial statements.

- IFRS 12 - Disclosure of Interests in Other Entities ("IFRS 12") was issue*d* by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This standard is effective for years beginning on or after January 1, 2013. The Company adopted this policy January 1, 2013 and there was no effect on its consolidated financial statements.

- IFRS 13 *Fair Value Measurement.* IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value and related disclosure through a fair value hierarchy under IFRS when fair value is required or permitted. The Company adopted this policy January 1, 2013 and there was no effect on its consolidated financial statements.

- IAS 27 - Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of IFRS 10, IAS 27 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. The Company adopted this policy January 1, 2013 and there was no effect on its consolidated financial statements.

New standards and interpretations

At the date of authorization of these Financial Statements, the IASB and the IFRS Interpretations Committee ("IFRIC") have issued the following new and revised Standards and Interpretations which are not yet effective 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.

2. BASIS OF PREPARATION (continued)

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

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of lAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the lAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

- IAS 32 '*Financial instruments, Presentation' –*is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. 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.

- IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

- IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

- IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. Earlier adoption is permitted.

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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, San Lucas Gold Corp, 2243734 Ontario Limited and Nevada Agrominerals Inc. 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 loss and 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 over the following expected useful lives:

- Computer equipment 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 loss and 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, 2013, 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 the fair value of some or all of the goods or services received by the entity as consideration cannot be reliably measured, the transactions are measured at fair value of the instruments.

Equity settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value using the Black-Scholes option valuation model 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 earnings 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 earnings nor taxable earnings 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 earnings nor taxable earnings 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 loss and comprehensive loss.

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, 2013 and 2012 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 or as held-to-maturity.

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 loss and comprehensive loss. At December 31, 2013 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 an asset 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 earnings 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 earnings or loss, is transferred from equity to earnings or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in earnings 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 loss and comprehensive loss.

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.

3.14 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 life of property, plant and equipment, depreciation and depletion of assets; recoverability of accounts receivable, and impairment testing of assets. 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") and the US Dollar ("USD"). 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 separately on a net basis in the income statement.

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 are translated at the closing rate at the date of the statement of financial position;
- income and expenses 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, 2013, the Company's capital consists 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 $(1,130,901) (December 31, 2012 - $(367,361)).

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, 2013. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL AND OTHER RISK FACTORS

Fair Value

The carrying amount of 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 exists.

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.

5. FINANCIAL AND OTHER RISK FACTORS (continued)

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, 2013, the Company had a cash balance of $16,874 (December 31, 2012 - $46,596) to settle current liabilities of $1,276,105 (December 31, 2012 - $923,528).

All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms. The Company cannot 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 (see note 1).

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 its results of 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.

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.

5. FINANCIAL AND OTHER RISK FACTORS (continued)

Future political and economic conditions in Colombia may result in its government 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 property 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 if commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of December 31, 2013, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

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

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, loans receivable, accounts payable, due to related parties, loans and interest payable that are denominated in Colombian pesos. As at December 31, 2013, had the Canadian dollar weakened/strengthened by 10% against the Colombian peso with all other variables held constant, the Company’s comprehensive loss for the year ended December 31, 2013 would have been approximately $20,800 higher/lower respectively as a result of foreign exchange losses/gains on translation of Colombian peso denominated financial instruments.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fixtures	Computer Equipment	Total
Cost			
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**
Effects of foreign exchange	(777)	(953)	(1,730)
As at December 31, 2013	**12,671**	**139,887**	**152,558**
Accumulated Amortization			
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**
Additions	1,108	21,447	22,555
Effects of foreign exchange	(619)	598	(21)
As at December 31, 2013	**4,865**	**64,904**	**69,769**
Net Book Value			
As at December 31, 2011	**6,205**	**119,941**	**126,146**
As at December 31, 2012	**9,072**	**97,981**	**107,053**
As at December 31, 2013	**7,806**	**74,983**	**82,789**

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.

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.

7. INTEREST IN MINERAL PROPERTIES, (continued)

On November 11, 2013 the Company acquired 2243734 Ontario Limited ("2243734") which holds an option to earn a 65% interest in the Murdock Mountain phosphate project in Nevada.

Under the terms of the option agreement and subject to closing the acquisition, Quia will have the right to earn a 65% interest by investing an aggregate of $1,000,000 into the development of the project. As an initial step, Quia can earn 10% by funding $102,000 (paid) towards technical and environmental studies which are already in process, creditable against the $1,000,000 work commitment, and then earn an additional 55%, for a total of 65%, by funding the balance of the $1,000,000. Quia shall have 2 years from the date of the option agreement to complete the earn-in and can obtain two extensions to the earn-in period of 6 months each, for a total of 3 years, by paying $30,000 for each extension.

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, 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**
Private placement of units - September 23, 2013 - $0.005 (iv)	70,140,000	350,700
Private placement of units - September 26, 2013 - $0.005 (iv)	4,500,000	22,500
Cost of issuance		
Cash commissions paid	-	(19,652)
Fair market value assigned to broker warrants	-	(1,300)
Shares issued for services	1,500,000	7,500
Balance, December 31, 2013	**181,671,504**	**13,791,253**

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, 2013, 2,078,199 (December 31, 2012 – 1,344,717) shares have been released.

8. SHARE CAPITAL, (continued)

(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.

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 realized a gain on settlement of debt of $63,415 (December 31, 2011 - $nil) during the year ended December 31, 2012.

8. SHARE CAPITAL, (continued)

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.

(iv) On September 23, 2013 and September 26, 2013, the Company issued 70,140,000 shares and 4,500,000 shares at $0.005 pursuant to a private placement for gross proceeds of $373,200.

The Company paid a cash finder's fee of $19,652 and issued 3,307,200 compensation warrants ("agent warrants"). Each agent warrant is exercisable for one share at a price of $0.05 expiring after 24 months.

The fair value of the 3,307,200 agent warrants was estimated at $1,300 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.21%; volatility 100% and an expected life of 2 years.

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

(c) Shares to be issued

As at December 31, 2013, consideration of $120,000 (December 31, 2012 - $nil) had been received pertaining to share subscriptions to be settled after the year end. The shares will be settled at $0.08.

9. SHARE BASED PAYMENTS

Quia established a stock option plan to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs. Options vest immediately, unless otherwise stated, 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, 2013		December 31, 2012	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	**$ 0.53**	**4,159,500**	$ 0.54	4,309,500
Transaction during the year:				
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**0.50**	**(1,000,000)**	0.60	(150,000)
Outstanding at end of year	**0.55**	**3,159,500**	0.53	4,159,500
Exercisable at end of year	**$ 0.55**	**3,159,500**	$ 0.53	4,084,500

9. SHARE BASED PAYMENTS, (continued)

The following table provides additional information about outstanding stock options at December 31, 2013:

	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	**259,500**	**1.18**	**$**	**0.15**	**259,500**	**$**	**0.15**
$ 0.40	**400,000**	**1.38**	**$**	**0.40**	**400,000**	**$**	**0.40**
$ 0.60 – 0.65	**2,500,000**	**2.14**	**$**	**0.61**	**2,500,000**	**$**	**0.61**
$ 0.15 - $0.65	**3,159,500**	**1.97**	**$**	**0.55**	**3,159,500**	**$**	**0.55**

Share based payments

During the year ended December 31, 2013, $3,800 of share based payments expense was recognized in relation to the vesting of the options issued on April 1, 2011.

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, 2014	11,666,671	0.30
January 6, 2014 – agent warrants (1)	1,218,917	0.15
April 25, 2014	2,600,331	0.10
April 25, 2014 – agent warrants (2)	67,672	0.05
April 30, 2014	6,759,673	0.10
September 23, 2015	2,947,200	0.05
September 26, 2015	360,000	0.05
	25,620,464	

(1) Upon exercise, 609,459 broker warrants exercisable at $0.30 will be issued and outstanding.
(2) Upon exercise, 67,672 broker warrants exercisable at $0.10 will be issued and outstanding.

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2013:

Grant date	**September 23, 2013**	**September 26, 2013**	**Totals**
No. of warrants	2,947,200	360,000	3,307,200
Exercise price	$ 0.05	$ 0.05	
Share/unit price	$ 0.005	$ 0.005	
Expected life in years	2	2	
Volatility	100%	100%	
Risk-free interest rate	1.21%	1.22%	
Dividend yield	-	-	

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.

11. RESERVE FOR SHARE BASED PAYMENTS

Year ended	**December 31, 2013**	December 31, 2012
Balance at beginning of year	**$ 1,481,600**	$ 1,442,900
Share based payments	**3,800**	38,700
Balance at end of year	**$ 1,485,400**	$ 1,481,600

12. RESERVE FOR WARRANTS

Year ended	**December 31, 2013**	December 31, 2012
Balance at beginning of year	**$ 5,005,814**	$ 3,385,814
Warrants issued	**1,300**	1,620,000
Balance at end of year	**$ 5,007,114**	$ 5,005,814

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, 2013	December 31, 2012
GST/HST and VAT receivable	**$ 17,346**	$ 9,034
Total trade and other receivables	**$ 17,346**	$ 9,034

Below is an aged analysis of these amounts:

	As at,	
	December 31, 2013	December 31, 2012
Less than 1 month	**$ -**	$ 9,034
Over 3 months	**17,346**	-
Total trade and other receivables	**$ 17,346**	$ 9,034

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, 2013.

14. PREPAID EXPENSES

	As at,	
	December 31, 2013	December 31, 2012
Advances to suppliers	**$ 11,531**	$ 87,971
Rent deposit	**16,664**	36,454
Deposit on drilling contract	**-**	196,181
Insurance	**-**	2,083
Other	**-**	79,795
Total prepaid expenses	**$ 28,195**	$ 393,484

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, 2013	December 31, 2012
Less than 1 month	**$ 4,719**	$ 90,998
1 to 3 months	**6,856**	40,921
Over 3 months	**582,016**	359,685
Total Trade and Other Payables	**$ 593,591**	$ 491,604

16. SEGMENTED INFORMATION

Operating Segments

At December 31, 2013 the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Colombia and the United States of America. 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:

16. SEGMENTED INFORMATION, (continued)

	December 31, 2013	December 31, 2012
	$	$
Consolidated net loss		
Canada	**529,663**	1,214,206
United States of America	**125,081**	-
Colombia	**556,266**	2,754,812
	1,211,010	3,969,018
Significant non-cash items		
Share based payments		
Canada	**3,800**	38,700
	3,800	38,700

As at,	**December 31, 2013**	December 31, 2012
Total assets		
Canada	**76,432**	158,545
Colombia	**68,772**	397,622
	145,204	556,167

17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and key management compensation are as follows:

During the year ended December 31, 2013, $nil (2012 - $12,025) was paid for consulting fees to Foundation Markets Inc. ("FMI"), a company in which the Secretary and Director and CEO and Director of the Company are directors and have an indirect interest. In addition, $nil and $16,200 (2012 - $15,000 and $16,200) 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, 2013 included due to related parties is $28,606 (December 31, 2012 - $4,748) payable to FOI.

During the year ended December 31, 2013, $48,000 (2012 - $48,000) was paid for consulting fees to Cavalry Corporate Solutions Inc. ("Cavalry"), for CFO, bookkeeping and administrative services, 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, 2013 included in due to related parties is $75,400 (December 31, 2012 - $21,160) payable to Cavalry.

During the year ended December 31, 2013, $14,961 (2012 - $52,736) was paid for legal fees to a company in which the Secretary and Director of the Company is a partner. At December 31, 2013, included in due to related parties is $32,488 (December 31, 2012 - $22,118) payable to this company.

During the year ended December 31, 2013, $nil (2012 - $60,000) was paid to the VP of exploration. As at December 31, 2013, $28,840 (December 31, 2012, $28,840) is included in due to related parties payable to this VP.

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

During the year ended December 31, 2013, $12,000 (2012 - $24,000) was paid to the Vice-President, Business Development and a Director for exploration related costs. As at December 31, 2013, due to related parties included $26,526 (December 31, 2012 - $14,526) payable to this individual.

During the year ended December 31, 2013, $45,500 (2012 - $100,000) was paid for services to the chief executive officer. As at December 31, 2013, $99,446 (December 31, 2012, $78,250) is included in due to related parties due to this individual.

During the year ended December 31, 2013, $30,000 (2012 - $60,000) was paid for services to the former chief financial officer. As at December 31, 2013, $60,200 (December 31, 2012 - $26,300) is included in due to related parties is payable to the former chief financial officer.

As of December 31, 2013, the Company received non-secured loans of $127,500 from various directors at the rate of 10% per annum payable at the closing of a financing. As at December 31, 2013, $112,000 (December 31, 2012 - $31,000) is included as loan and interest payable.

During 2013, the Company received non-secured loans of $35,000 from the former CFO at the rate of 10% per annum payable at the closing of a financing. As at December 31, 2013, $30,000 (December 31, 2012 - $30,000) is included as loan and interest payable.

During 2013, the Company received non-secured loans of $269,200 from the CEO at the rate of 10% per annum payable at the closing of a financing. As at December 31, 2013, $152,978 (December 31, 2012 - $143,189) is included as loan and interest payable.

Interest payable related to the above loans as at December 31, 2013 amounts to $9,921 (December 31, 2012 - $6,248).

All key management compensation has been included above.

18. PROVISIONS

	December 31, 2013	December 31, 2012
	$	$
Balance beginning of year	**25,546**	24,778
Effect of foreign exchange	**563**	768
Balance end of year	**$ 26,109**	$ 25,546

As at December 31, 2013, management accrued an estimated amount of $26,109 (December 31, 2012 - $25,546) related to a discrepancy between reported values in deposit 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% (2012 - 26.50%) is comprised of the federal income tax rate at approximately 15% (2012 – 15%) and the provincial income tax rate of approximately 11.50% (2012 – 11.50%).

The reported income taxes differ from the amounts obtained by applying statutory rates of 26.50% (2012 – 26.50%) to the net loss as follows:

		2013		2012
Components of the income tax provision:				
Income taxes at statutory tax rates	**$**	**(321,000)**	$	(1,052,000)
Difference between Canadian and foreign tax rates		**(63,000)**		(176,000)
Changes in current and future tax rates and other		**362,000**		(118,000)
Share issue costs		**(83,000)**		(71,000)
Stock based compensation, and other non deductible expenses		**2,000**		26,000
Change in tax benefits not recognized		**103,000**		1,391,000
Income tax expense	**$**	**-**	$	-

Deferred Taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect to the following deductible temporary differences:

	2013	2012
	$	$
Property, plant and equipment	**71,200**	-
Share issuance costs	**609,800**	923,000
Exploration and evaluation assets	**10,804,600**	10,103,800
Non-capital losses carried forward	**7,629,500**	9,132,700

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

19. INCOME TAXES, (continued)

Tax Losses Carried Forward

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

2027	$	176,685
2028		918,464
2029		889,768
2030		1,924,482
2031		1,297,363
2032		1,168,220
2033		817,563
No expiry		436,955
	$	7,629,500

20. SUBSEQUENT EVENT

On April 24, 2014, a statement of claim was filed in BC Small Claims Court against the Company by the optionor on the Murdock Mountain property in the amount of $23,769 in relation to costs the Company is required to pay under the terms of the option agreement. The Company is of the view that the claim is invalid and will be taking steps to discharge the matter.