QUIA RESOURCES INC.
Management's Discussion and Analysis
of Financial Condition and Results of Operation
For the six month period ended June 30, 2014

Management's discussion and analysis (MD&A) is current to August 29, 2014 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 unaudited interim condensed consolidated financial statements for the three and six month periods ended June 30, 2014 and 2013 and our audited consolidated financial statements and related notes for the years ended December 31, 2013 and 2012, 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.

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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 mineral properties primarily for agricultural minerals in North America precious metals in Colombia. On July 18, 2014 the Company sold its subsidiary San Lucas Gold Corp which held the San Lucas gold project, the Company's sole asset in Colombia, as described in section 2 below. To the extent that the Company continues to maintain exposure to Colombia, any 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 commodities, 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 August 29, 2014, the directors and officers of the Company were:

Yannis Banks	CEO and Director
Adam Szweras	Director and Corporate Secretary
Roger Dent	Director
Paul Lin	Director
Lew Lawrick	Director
Anthony Roodenburg	Director
Richard Brown	VP Business Development
Marco Guidi	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 June 17, 2014, the Company closed its non-brokered private placement of secured convertible debentures for total gross proceeds of $340,286. These debentures were issued at face value and are convertible, at the option of the holder or at the option of the Company, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.10 per common share. The debentures mature 3 years from the closing date. The debentures are secured by the shares currently owned by the Company in the capital stock of 2243734 Ontario Ltd which owns the Company's interest in the Murdock Mountain property.

The rate of interest on the Debentures is 14% per annum, payable semi annually in equal installments on December 31, and June 30, of each year beginning on December 31, 2014 in common shares of the Company.

As an incentive for purchasing Debentures, the Company issued to subscribers 6,667 bonus warrants for every $1,000 of Debentures purchased, which resulted in the issuance 2,268,689 bonus warrants. Each bonus warrant is exercisable into shares at a price of $0.15 per Share (post-Consolidation), for a period of 3 years from the closing date.

On June 10, 2014, the Company settled $331,916 in debt through the issuance of 4,741,656 common shares. The common shares were valued at $237,083 based on the stock market price on the date of settlement. As a result, the Company recorded a gain on settlement of debt of $94,833 for the six month period ended June 30, 2014. Included in the issuance, 3,105,525 shares were issued to related parties for settlements of outstanding fees and loans to the following: $94,030 to Foundation Opportunities Inc., $61,840 to Cavalry Corporate Solutions, $19,095 to William Richard Brown, $34,798 to Iain Kelso and $7,610 to Ping Lin.

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 $16,536 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.

Exploration Developments

Murdock Mountain Property:
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 ("Murdock Mountain").

The Company believes, based on historical samples as discussed in its press release dated November 11, 2013, that Murdock Mountain has the potential to host phosphate that is low in heavy metals and radioactive minerals and also has other favourable geochemical characteristics that have the potential to enable Murdock Mountain to be a source of direct raw rock application phosphate to organic agricultural markets. The Company also believes the project is favourably located to transportation infrastructure and proximal to large organic markets in the Western United States.

Under the terms of the option agreement, 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 towards technical and environmental studies, 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 has earned the initial 10% interest by funding the $102,000. 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.

Quia entered into an agreement to acquire the option on the Murdock Mountain property through the acquisition of 2243734, which is a private company that holds the option on Murdock Mountain. This transaction is a non-arm's length transaction as Yannis Banks is an insider of both the Corporation and 2243734, as he is a shareholder of 2243734 and the CEO and Director of Quia. In addition, a family trust whose beneficiaries are the minor children of the Corporate Secretary and Director of Quia, is also a shareholder of 2243734. Such participation is considered to be a "related party transaction", as defined under Multilateral Instrument 61-101 ("MI 61-101"). The transaction was exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the shares issued to or the consideration paid by such persons will not exceed 25% of Quia's market capitalization.

Prior to completing the acquisition, the Company established an independent committee to consider the acquisition and to negotiate with 2243734 for the purchase. Neither Yannis Banks nor Adam Szweras were involved in the negotiation. The independent committee considered the acquisition in the Company's best interests and the purchase price fair and reasonable, and thus recommended the acquisition to the Company's board, which approved the transaction. Quia acquired 2243734 for a total consideration of one ($1) dollar.

The Company's near-term objective with the Murdock Mountain is to complete the permitting required to enable the Company to conduct a drill program, subject to being successful with its permitting efforts and securing adequate financing. The Company also plans to conduct testing to demonstrate the agricultural effectiveness of the Murdock Mountain phosphate.

The Company is also researching and evaluating other agricultural mineral projects which could be synergistic with Murdock Mountain. The Company has engaged a geological consulting firm as well as two other independent geologists who are actively developing and reviewing targets for the Company for agricultural minerals in several jurisdictions in North America that fit with the Company's business plan of developing direct application fertilizers.

San Lucas Property:

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., held 100% interest in San Lucas Property until it sold San Lucas Gold Corp to Enneract Corporation as more fully described below.

From August 2010 to May 2012 Quia conducted its Phase 1 exploration program at San Lucas consisting of soil sampling, mapping, geophysics a 4,292 metre drill program primarily testing the La Colina and La Rueda targets. Drilling at La Rueda 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 approximately 1300 metres. Two other priority targets had been identified remained untested: the Durmiente target and Libertad target.

Due to the downturn in the overall gold industry, the challenging financial markets for early stage gold exploration and the high-cost nature of exploration at San Lucas due to its remote location, the Company made the decision to sell the San Lucas property. On June 19, 2014, the Company entered into an agreement with Enneract Corporation ("Enneract"), a private Panamanian company, to sell its subsidiary, San Lucas Gold Corp, which holds the San Lucas gold property in Colombia, subject to approval of the TSX Venture Exchange. The transaction is an arm's-length transaction and no finder's fee is payable in connection with the agreement. A former director of Quia has an interest in Enneract.

Under the terms of the agreement, Quia will receive a number of common shares resulting in an equity ownership of 5% of Enneract, as well as a 2% net smelter return royalty (the "Royalty"), of which Enneract can buy back half for US $500,000. In addition, Quia has a right to participate in financings of Enneract to maintain its pro-rata position and a right of first refusal with respect to the sale or joint-venture of the property. The purchaser of the subsidiary is acquiring the subsidiary including its liabilities, and therefore those liabilities will no longer be the obligation of Quia and will no longer be part of the Company's consolidated financial statements.

The Company closed the sale on July 18, 2014.

Corporate Developments

While the Company successfully closed a private placement of convertible debentures on June 17, 2014, a settlement of debt for shares on June 10, 2014 and two tranches of a private placement on September 23 and 26, 2013, the Company is seeking further funding to fund operations and to carry out further exploration.

3. Overall Performance

For the six month period ended June 30, 2014, the Company's cash position increased by $9,773 to $18,945 from $9,172 at December 31, 2013. This increase is primarily due to loans received by Directors and Management of the Company and funds received for debentures issued offset by exploration and evaluation expenditures, repayment of loans and accounts payable and general operating costs incurred in this period.

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

	Six Months Ended June 30, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
	$	$	$
Loss before income taxes	270,309	1,165,373	3,969,018
Net Loss	270,309	1,165,373	3,969,018
Loss per weighted average share – basic and diluted	$0.014	$0.009	$0.045
Total Assets	207,512	190,841	556,167

Three month period ended June 30, 2014
The Company incurred a net loss of $178,343 or $0.009 a share for the three month period ended June 30, 2014, compared with a net loss of $543,760 or $0.052 a share for the same period ended June 30, 2013.

For the three month period ended June 30, 2014, management and consulting fees decreased by $29,215 to $32,500 from $61,715 in the same period in 2013. Management and consulting fees decreased in the comparable period as some consultants left the Company and some members of the management team were replaced, and as the Company tries to conserve cash.

Travel and promotion expenses for the three month period ended June 30, 2014 decreased by $7,071 to $nil from $7,071 in the same period in 2013. Travel expenses decreased as the Company controlled costs wherever possible in light of the current financial situation.

Total office and general costs decreased in the three month period ended June 30, 2014, by $133,305 to $37,515 from $170,820 in 2013. 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 overall activities as it focuses on raising money. The decrease is also due to deposits forfeited in the comparative period.

Total exploration and evaluation costs increased in the three month period ended June 30, 2014, by $10,824 to $10,824 from $nil in 2013. The increase is due to the fact that operations at San Lucas are included in discontinued operations. As such, the Company did not incur any exploration and evaluation expenditures from continuing operations in the comparative period. In the current period, the Company incurred minor expenditures on the Murdock Mountain property which was not held in the comparative period.

Professional fees increased by $196 to $14,152 during the three month period ended June 30, 2014 compared to $13,956 in the same period in 2013. The expense remained consistent between the comparable periods.

Six month period ended June 30, 2014
The Company incurred a net loss of $270,309 or $0.014 a share for the six month period ended June 30, 2014, compared with a net loss of $766,478 or $0.073 a share for the same period ended June 30, 2013.

For the six month period ended June 30, 2014, management and consulting fees decreased by $88,812 to $48,500 from $137,312 in the same period in 2013. Management and consulting fees decreased in the comparable period as some consultants left the Company and some members of the management team were replaced, and as the Company tries to conserve cash.

Travel and promotion expenses for the six month period ended June 30, 2014 decreased by $21,864 to $nil from $21,864 in the same period in 2013. Travel expenses decreased as the Company controlled costs wherever possible in light of the current financial situation.

Total office and general costs decreased in the six month period ended June 30, 2014, by $163,695 to $56,485 from $220,180 in 2013. 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 overall activities as it focuses on raising money. The decrease is also due to deposits forfeited in the comparative period.

Total exploration and evaluation costs increased in the six month period ended June 30, 2014, by $10,824 to $10,824 from $nil in 2013. The increase is due to the fact that operations at San Lucas are included in discontinued operations. As such, the Company did not incur any exploration and evaluation expenditures from continuing operations in the comparative period. In the current period, the Company incurred minor expenditures on the Murdock Mountain property which was not held in the comparative period.

Professional fees decreased by $9,695 to $16,221 during the six month period ended June 30, 2014 compared to $25,916 in the same period in 2013. The expense decreased as the Company's operations have decreased in light of the current financial situation.

Total salaries and benefits costs decreased in the six month period ended June 30, 2014, by $37,500 to $nil from $37,500 in 2013. The decrease in salaries expense is due to the CEO being paid through salary in the comparative period and billing as a consultant in the current period.

The Company incurred share based payments for the six month period ended June 30, 2014 of $nil compared to $3,800 for the same period in 2013. 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.

4. Summary of Quarterly Results

Selected financial information for the eight quarters as follows:

	June 30, 2014 $	**March 31, 2014** $	**December 31, 2013** $	**September 30, 2013** $
Total Revenue	-	-	-	-
Net Loss	178,343	91,966	277,753	121,142
Loss Per Share – basic and diluted	$0.009	$0.001	$0.001	$0.001

	June 30, 2013 $	**March 31, 2013** $	**December 31, 2012** $	**September 30, 2012** $
Total Revenue	-	-	-	-
Net Loss	543,760	222,718	259,829	573,732
Loss Per Share– basic and diluted	$0.005	$0.002	$0.001	$0.007

Working Capital

As at June 30, 2014, the Company had net working capital deficiency of $986,648 compared to a working capital deficiency of $1,177,626 as at December 31, 2013.

A summary of the Company's cash position and changes in cash for the six month periods ended June 30, 2014 and 2013 are provided below:

	Six months ended June 30,	
	2014	2013
Cash used in operating activities – net	**(290,218)**	(385,497)
Cash used in investing activities	**-**	-
Cash provided by financing activities	**132,727**	317,244
Cash provided by discontinued operations	**167,264**	68,157
Increase (decrease) in cash	**9,773**	(96)
Cash, beginning of period	**16,874**	46,596
Cash, end of period	**18,945**	806

Liquidity Outlook

Quia had cash of $18,945 available at June 30, 2014, an increase of $9,773 from the balance at December 31, 2013 of $9,172. This increase is primarily due to loans received by Directors and Management of the Company and funds received for debentures issued offset by exploration and evaluation expenditures, repayment of accounts payable and general operating costs incurred in this period.

As noted above, the Company's working capital increased by $190,978 to a working capital deficiency of $986,648 from a working capital deficiency of $1,177,626 at December 31, 2013.
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 six month period ended June 30, 2014, $nil and $8,100 (2013 - $nil and $8,100) 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 June 30, 2014 included in due to related parties is $13,730 (December 31, 2013 - $28,606) payable to FOI.

During the six month period ended June 30, 2014, $8,000 (2013 - $24,000) was paid for consulting fees to Cavalry Corporate Solutions Inc. ("Cavalry") for CFO, book keeping 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. As of February 2014, the agreement has been terminated. At June 30, 2014 included due to related parties is $22,600 (December 31, 2013 - $75,400) payable to Cavalry.

During the six month period ended June 30, 2014, $15,136 (2013 - $9,211) was paid for legal fees to a law firm in which the Secretary and Director of the Company is a partner. At June 30, 2014, included in due to related parties is $52,807 (December 31, 2013 - $32,488) payable to this law firm.

During the six month period ended June 30, 2014, $nil (2013 - $nil) was paid to the former VP of exploration. As at June 30, 2014, $nil (December 31, 2013, $28,840) is included in due to related parties payable to this former VP.

During the six month period ended June 30, 2014, $nil (2013 - $6,000) was paid to the Vice-President, Business Development and a Director for exploration related costs. As at June 30, 2014, due to related parties included $7,431 (December 31, 2013 - $26,526) payable to this individual.

During the six month period ended June 30, 2014, $30,000 (2013 - $37,500) was paid for services to the chief executive officer. As at June 30, 2014, $93,250 (December 31, 2013, $99,446) is included in due to related parties due to this individual.

During the six month period ended June 30, 2014, $20,000 (2013 - $nil) was paid for management services provided by Branson Corporate Services ("Branson"). Branson is an entity in which FOI owns 49% of the shares. The Company and Branson entered into a management services agreement on which includes the services of the Company's Chief Financial Officer. At June 30, 2014 $22,600 (December 31, 2013 - $nil) is included in accounts payable and accrued liabilities in relation to Branson.

During the six month period ended June 30, 2014, $nil (2013 - $30,000) was paid for services to the former chief financial officer. As at June 30, 2014, $60,200 (December 31, 2013 - $60,200) is included in due to related parties is payable to the former chief financial officer.

As of June 30, 2014, 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 June 30, 2014, $22,552 (December 31, 2013 - $112,000) 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 June 30, 2014, $30,000 (December 31, 2013 - $30,000) is included in loans and interest payable relating to principal.

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 June 30, 2014, $152,267 (December 31, 2013 - $152,978) is included in loans and interest payable relating to principal.

Interest payable related to the above loans as at June 30, 2014 amounts to $16,802 (December 31, 2013 - $9,921).

During the six month period ended June 30, 2014, 3,105,525 shares were issued to related parties for settlements of outstanding fees and loans to the following: $94,030 to Foundation Opportunities Inc., $61,840 to Cavalry Corporate Solutions, $19,095 to William Richard Brown, $34,798 to Iain Kelso and $7,610 to Ping Lin.

All key management compensation has been included above.

Disclosure of Outstanding Share Data August 29, 2014

	Authorized	**Outstanding**
Voting or equity securities issued and outstanding	Unlimited Common Shares	22,908,807 Common Shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 1,810,950 common shares b) 3,417,575 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 Deferred 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 8 of the June 30, 2014 unaudited interim condensed 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 June 30, 2014 and December 31, 2013, 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 exists. As at June 30, 2014, 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 June 30, 2014. 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 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 June 30, 2014, the Company had a cash balance of $18,945 (December 31, 2013 - $9,172) to settle current liabilities of $1,151,435 (December 31, 2013 - $1,276,105).

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

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 June 30, 2014, 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 these 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 that are denominated in Colombian pesos. As at June 30, 2014, 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 six month period ended June 30, 2014 would have been approximately $44,000 higher/lower respectively as a result of foreign exchange losses/gains on translation of Colombian peso 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 unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed consolidated financial statements with management. The Board of Directors has approved the unaudited interim condensed consolidated financial statements on the recommendation of the Audit Committee.

August 29, 2014

Yannis Banks
Chief Executive Officer