QUIA RESOURCES INC.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended
December 31, 2014 and 2013

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.

”Yannis Banks”, CEO
Yannis Banks

“Al Quong”, CFO
Al Quong

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Independent Auditors' Report

To the Shareholders of
Quia Resources Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Quia Resources Inc., (the "Company") which comprise the statement of financial position as at December 31, 2014 and the consolidated statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, 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 highlight the existence of a material uncertainty relating to conditions that cast significant doubt on the Company's ability to continue as a going concern.

Other Matters

The consolidated financial statements as at December 31, 2013 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 30, 2014.

Lipton LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 30, 2015

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

As at,		**December 31, 2014**		December 31, 2013
Assets				
Current Assets				
Cash	$	**196**	$	9,172
Sales tax receivable		**3,580**		17,346
Prepaid expenses		**26,014**		3,359
Assets held for sale (Note 14)		**-**		68,602
		29,790		98,479
Property, plant and equipment (Note 4)		**-**		46,725
	$	**29,790**	$	145,204
Liabilities				
Current Liabilities				
Trade and other payables (Note 13)	$	**116,708**	$	218,340
Due to related parties (Note 10)		**325,255**		351,506
Loans and interest payable (Note 10)		**254,398**		304,899
Liabilities held for sale (Note 14)		**-**		401,360
		696,361		1,276,105
Convertible debentures (Note 11)		**208,402**		-
		904,763		1,276,105
Shareholders' Deficiency				
Share capital (Note 6 (b))		**14,011,456**		13,791,253
Shares to be issued (Note 6 (c))		**-**		120,000
Conversion component of convertible debentures (Note 11)		**84,995**		-
Reserve for warrants (Note 8)		**5,080,491**		5,007,114
Reserve for share based payments (Note 7)		**1,495,300**		1,485,400
Reserve for foreign exchange losses		**(27,035)**		(6,610)
Accumulated deficit		**(21,520,180)**		(21,528,058)
		(874,973)		(1,130,901)
	$	**29,790**	$	145,204

Nature of Operations and Going Concern (Note 1)
Segmented Information (Note 9)

Approved on behalf of the Board of Directors on April 30, 2015:

"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,		2014		2013
Expenses				
Exploration and evaluation expenses	$	**43,852**	$	174,130
Office and general		**148,932**		198,864
Management and consulting		**131,826**		180,912
Salaries and benefits		**-**		37,500
Professional fees		**29,454**		52,014
Share based payments (Note 7)		**9,900**		3,800
Travel and promotion		**1,230**		29,701
Write-down of property, plant and equipment (Note 4)		**37,380**		-
Foreign exchange (gain) loss		**3,466**		(22,177)
		(406,040)		(654,744)
Gain on settlement of debt (Note 6(b)(ii))		**94,833**		-
Loss from continuing operations		**(311,207)**		(654,744)
Net earnings (loss) from discontinued operations (Note 14)		**319,085**		(556,266)
Net income (loss)		**7,878**		(1,211,010)
Other comprehensive loss				
Exchange differences on translating foreign operations		**(8,011)**		(37,378)
Total comprehensive loss		**(133)**		(1,248,388)
Loss per share-basic and diluted				
Loss per share - from continuing operations	$	**(0.015)**	$	(0.052)
Income (loss) per share - from discontinued operations	$	**0.015**	$	(0.044)
Income (loss) per share - net income (loss)	$	**0.000**	$	(0.096)
Weighted average number of shares outstanding		**20,830,273**		12,615,342

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	Conversion component of convertible Debentures	Shares to be issued	Deficit	Total
Balance at December 31, 2012	**10,553,151**	**$ 13,431,505**	**$ 1,481,600**	**$ 5,005,814**	**$ 30,768**	**$ -**	**-**	**$ (20,317,048)**	**$ (367,361)**
Private placements	7,464,000	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	150,000	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	**18,167,151**	**$ 13,791,253**	**$ 1,485,400**	**$ 5,007,114**	**$ (6,610)**	**$ -**	**120,000**	**$ (21,528,058)**	**$ (1,130,901)**
Share issued for settlement of debt	4,741,656	237,083	-	-	-	-	-	-	237,083
Fair value assigned to warrants	-	(14,700)	-	14,700	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-
Cash issue costs	-	(2,180)	-	-	-	-	-	-	(2,180)
Funds transferred to convertible debentures issued	-	-	-	-	-	-	(120,000)	-	(120,000)
Fair value assigned to warrants issued on convertible debentures	-	-	-	58,677	-	-	-	-	58,677
Conversion component of convertible debentures	-	-	-	-	-	84,995	-	-	84,995
Commission on the issuance of convertible debentures	-	-	-	-	-	-	-	-	-
Share based payments	-	-	9,900	-	-	-	-	-	9,900
Exchange gain on translating foreign operation	-	-	-	-	(20,425)	-	-	-	(20,425)
Net income for the period	-	-	-	-	-	-	-	7,878	7,878
Balance at December 31, 2014	**22,908,807**	**$ 14,011,456**	**$ 1,495,300**	**$ 5,080,491**	**$ (27,035)**	**$ 84,995**	**-**	**$ (21,520,180)**	**$ (874,973)**

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,	**2014**	2013
Operating Activities		
Net income (loss)	$ **7,878**	$ (1,211,010)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based payments (Note 7)	**9,900**	3,800
Share issued for services	**-**	-
Amortization	**9,345**	12,000
Interest	**14,792**	-
Unrealized foreign exchange loss (gain)	**(2,606)**	(29,879)
Write-down of property, plant and equipment	**37,380**	-
Gain on debt forgiveness	**(20,000)**	-
Gain on settlement of debt (Note 6(b))	**(94,833)**	-
Gain on discontinued operations	**(526,711)**	-
Net change in non-cash working capital items:		
Prepaid expenses	**(22,655)**	86,695
Sales tax receivable	**13,766**	(8,312)
Trade and other payables	**152,674**	52,491
Cash flow used in operating activities	**(421,070)**	(1,094,215)
Financing Activities		
Issue of common shares, net of issue costs	**-**	353,548
Proceeds received for shares to be issued	**-**	120,000
Convertible debentures issued, net of share issue costs	**217,283**	-
Amounts received from (paid to) related parties	**(26,251)**	155,565
Loans received	**27,109**	94,462
Cash flow provided from financing activities	**218,141**	723,575
Cash flow provided from discontinued operations	**193,953**	378,910
Net increase (decrease) in cash	**(8,976)**	8,270
Cash, beginning of year	**9,172**	902
Cash, end of year	$ **196**	$ 9,172

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Quia Resources Inc. (the "Company" or "Quia") was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation dated October 26, 2007. The Company is engaged in the acquisition, exploration and development of properties for the mining of agricultural minerals in North America and was up until the sale of the San Lucas property engaged in exploration for precious metals in Colombia. To the extent the Company retains exposure to Colombia; 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 project is the Murdock Mountain project in Nevada, USA. 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.

As at December 31, 2014, the Company has a working capital deficiency of $666,571 (December 31, 2013 - $1,177,626 working capital deficiency), has an accumulated deficit of $21,520,180 (December 31, 2013 - $21,528,058) and has income of $7,878 for the year ended December 31, 2014 (2013 - $(1,211,010)).

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.

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, 2014. 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 2014. However, they do not impact the annual consolidated financial statements of the Company.

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

- 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. The Company adopted this policy January 1, 2014 and there was no effect on its consolidated financial statements.

- 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. The Company adopted this policy January 1, 2014 and there was no effect on its consolidated financial statements.

- 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

2. BASIS OF PRESENTATION *(continued)*

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

adoption is permitted. The Company adopted this policy January 1, 2014 and there was no effect on its consolidated financial statements.

- 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. Earlier adoption is permitted. The Company adopted this policy January 1, 2014 and there was no effect on its consolidated financial statements.

2.4 New and revised standards and interpretations not yet effective

New standards and interpretations not yet effective

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9 *'Financial Instruments: Classification and Measurement'* – as issued in 2010, reflects the first phase of the IASB's work on the replacement of International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing impairment of financial assets. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 9 immediately, but are not required to do so.

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., QBC Holdings Corp., Kulta Corp., San Lucas Gold Corp. (2013), 2243734 Ontario Ltd Pure Phosphate Inc., 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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 the estimated residual value, using the straight line method over the following expected useful lives:

- Computer equipment 20%

An item of PPE is derecognized upon disposal 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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.

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.

The costs of share-based payments 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 share-based payments 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 such 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.

Where the terms of a share-based payment 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.6 Taxation, (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.8 Financial assets (continued)

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, 2014 and 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.

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

3.10 Impairment of nonfinancial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.10 Impairment of nonfinancial assets

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, to the extent of previously recognized impairment losses.

3.11 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.

3.12 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 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. 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.

The results and financial position of all the 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 in effect 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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

3.12 Foreign currency transactions (continued)

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.

3.13 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 useful 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.

In calculating the value of the warrants and options, key estimates such as the volatility of the Company's share price are used. The expected volatility is estimated at 100%, which is comparable to the volatility of similar companies.

(Expressed in Canadian Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment
Cost	
As at January 1, 2013	**83,024**
Additions	-
As at December 31, 2013	**83,024**
Write-down	(83,024)
As at December 31, 2014	**-**
Accumulated Amortization	
As at January 1, 2013	**24,549**
Additions	11,750
As at December 31, 2013	**36,299**
Additions	9,345
Write-down	(45,644)
As at December 31, 2014	**-**
Net Book Value	
As at December 31, 2013	**46,725**
As at December 31, 2014	**-**

5. INTEREST IN MINERAL PROPERTIES

San Lucas Property

On October 26, 2007, the Company acquired 17 mineral properties in Bolivar, Colombia for $500,000. In exchange for this non-monetary transaction, the Company issued 10,000,000 common shares at a market price of $0.05 per share, to the vendor of the claims.

On September 13, 2008, the Company entered into an agreement with the Mining Federation from the Bolivar Department for the exploitation and exploration of the mining sites mentioned in the agreement. This agreement has been terminated by the parties.

On June 19, 2014, the Company entered into an agreement with Enneract Corporation (“Enneract”), a private Panamanian company, to sell 100% of the issued and outstanding shares of its subsidiary, San Lucas Gold Corp, which holds the San Lucas gold property in Columbia.

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% smelter return royalty, of which Enneract can buy back half for US $500,000.

(Expressed in Canadian Dollars)

5. INTEREST IN MINERAL PROPERTIES, (continued)

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.

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 has earned 10% by funding $102,000, which has been 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. The option agreement has been further amended on October 9, 2014 to extend the earn-in time by 6 months and provides for further automatic extensions based upon the timelines for the Bureau of Land Management to conclude their sage grouse study being conducted for the State of Nevada, and Northeastern California, which encompasses the Murdock Mountain area.

On October 9, 2014, the Company contributed $26,500 towards the aforementioned option agreement.

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

	Number of Shares	Stated Value
COMMON SHARES		
Balance, January 1, 2013	**10,553,151**	**13,431,505**
Private placement of units - September 23, 2013 - $0.005 (iv)	7,014,000	350,700
Private placement of units - September 26, 2013 - $0.005 (iv)	450,000	22,500
Cost of issuance	-	-
Cash commissions paid	-	(19,652)
Fair market value assigned to broker warrants	-	(1,300)
Shares issued for services	150,000	7,500
Balance, December 31, 2013	**18,167,151**	**13,791,253**
Shares issued for debt	4,741,656	237,083
Cost of issuance		
Cash issue costs	-	(2,180)
Fair market value assigned to broker warrants	-	(14,700)
Balance, December 31, 2014	**22,908,807**	**14,011,456**

* On June 10, 2014, the Company consolidated its common shares on the basis of one new common share for ten old common shares.

6. SHARE CAPITAL, (continued)

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, 2014, 2,444,944 (December 31, 2013 – 2,078,199) shares have been released.

(i) On September 23, 2013 and September 26, 2013, the Company issued 70,140,000 (post consolidation 7,010,400) shares and 4,500,000 (post consolidation 450,000) 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 (post consolidation 330,720) 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 (post consolidation 330,720) 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.

(ii) 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 year ended December 31, 2014.

(c) Shares to be issued

As at December 31, 2014, consideration of $nil (December 31, 2013 - $120,000) had been received pertaining to share subscriptions to be settled after the year end. The consideration received as of December 31, 2013 was transferred to debentures issued during the year ended December 31, 2014.

7. 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.

(Expressed in Canadian Dollars)

7. SHARE BASED PAYMENTS, (continued)

A summary of stock options issued and outstanding is as follows:

		December 31, 2014			December 31, 2013	
		Weighted Average Exercise Price	**Number of Options**		Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period/year	**$**	**5.46**	**315,950**	$	0.53	4,159,500
Transaction during the period/year:						
Consolidation 10:1		**-**	**-**		4.77	(3,743,550)
Post consolidation	**$**	**5.46**	**315,950**		5.30	415,950
Granted		**0.10**	**1,525,000**		-	-
Expired		**6.00**	**(195,000)**		5.00	(100,000)
Outstanding at end of year		**0.48**	**1,645,950**		5.46	315,950
Exercisable at end of year	**$**	**0.48**	**1,645,950**	$	5.46	315,950

The following table provides additional information about outstanding stock options at December 31, 2014:

	No. of Options Outstanding	**Weighted Average Remaining Life (Years)**		**Weighted Average Exercise Price**	**No. of Options Currently Exercisable**		**Weighted Average Exercise Price – Exercisable Options**
$ 0.10	**1,525,000**	**4.58**	**$**	**0.10**	**1,525,000**	**$**	**0.10**
$ 1.50 – 3.00	**25,950**	**0.19**	**$**	**1.50**	**25,950**	**$**	**1.50**
$ 6.00 – 6.50	**95,000**	**1.15**	**$**	**6.26**	**95,000**	**$**	**6.26**
$ 1.50 - $6.50	**1,645,950**	**4.31**	**$**	**0.48**	**1,645,950**	**$**	**5.40**

Share based payments

During the year ended December 31, 2014, $9,900 of share based payments expense was recognized in relation to the vesting of the options issued on July 17, 2014.

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.

Year ended		**December 31, 2014**		December 31, 2013
Balance at beginning of year	**$**	**1,485,400**	$	1,481,600
Options issued		**9,900**		3,800
Balance at end of year	**$**	**1,495,300**	$	1,485,400

(Expressed in Canadian Dollars)

8. WARRANTS

Month of Expiry	No. of Warrants	Exercise Price
		($)
September 23, 2015	294,720	0.50
September 26, 2015	36,000	0.50
June 10, 2016	818,166	0.10
June 17, 2017	2,268,689	0.15
	3,417,575	

The following table summarizes the assumptions used with the Black-Scholes valuation model during the year ended December 31, 2014:

Grant date	**June 10, 2014**	**June 17, 2014**	**Totals**
No. of warrants	818,166	2,268,689	3,086,855
Exercise price	$ 0.10	$ 0.15	
Share/unit price	$ 0.05	$ 0.06	
Expected life in years	2	3	
Volatility	100%	100%	
Risk-free interest rate	1.08%	1.20%	
Dividend yield	-	-	

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

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

Grant date	**September 23, 2013**	**September 26, 2013**	**Totals**
No. of warrants	294,720	36,000	330,720
Exercise price	$ 0.50	$ 0.50	
Share/unit price	$ 0.05	$ 0.05	
Expected life in years	2	2	
Volatility	100%	100%	
Risk-free interest rate	1.21%	1.22%	
Dividend yield	-	-	

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

Year ended	**December 31, 2014**	December 31, 2013
Balance at beginning of year	**$ 5,007,114**	5,005,814
Warrants issued	**73,377**	1,300
Balance at end of year	**$ 5,080,491**	$ 5,007,114

(Expressed in Canadian Dollars)

9. SEGMENTED INFORMATION

Operating Segments

Quia is in the business of mineral exploration in Colombia and the United States of America. 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:

	December 31, 2014	December 31, 2013
	$	$
Consolidated net (income) loss		
Canada	**274,999**	529,663
United States of America	**36,208**	125,081
Colombia	**(319,085)**	556,266
	(7,878)	1,211,010
Significant non-cash items		
Share based payments		
Canada	**9,900**	3,800
	9,900	3,800

As at,	**December 31, 2014**	December 31, 2013
Total assets		
Canada	**29,790**	76,602
Colombia	**-**	68,602
	29,790	145,204

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and key management compensation are as follows:

During the year ended December 31, 2014, $16,200 (2013 - $16,200) was paid for rent to FMI Advisory Capital Inc. (formerly Foundation Opportunities Inc.) ("FMI"), 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, 2014 included in due to related parties is $28,442 (December 31, 2013 - $28,606) payable to FMI.

During the year ended December 31, 2014, $8,000 (2013 - $48,000) 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 December 31, 2014 included due to related parties is $22,600 (December 31, 2013 - $75,400) payable to Cavalry.

During the year ended December 31, 2014, $25,300 (2013 - $14,961) in legal fees were incurred for services provided by a law firm in which the Treasurer and Director of the Company is a partner. At December 31, 2014, included in due to related parties is $54,583 (December 31, 2013 - $32,488) payable to this law firm.

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

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

During the year ended December 31, 2014, $nil (2013 - $12,000) was paid to the Vice-President, Business Development and a Director for exploration related costs. As at December 31, 2014, due to related parties included $7,431 (December 31, 2013 - $26,526) payable to this individual.

During the year ended December 31, 2014, $45,200 (2013 - $45,500) was paid for services to the chief executive officer (the "CEO"). As at December 31, 2014, $95,500 (December 31, 2013, $99,446) is payable to the CEO and is included in due to related parties.

The Company and Branson Corporate Services ("Branson") entered into a management services agreement which includes the services of the Company's Chief Financial Officer. Branson is an entity in which FMI owns 49% of the shares. During the year ended December 31, 2014, $56,500 (2013 - $nil) in management, accounting and administrative services were provided by Branson. As at December 31, 2014 $56,500 (December 31, 2013 - $nil) is included in due to related parties.

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

In 2012, 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, 2014, $37,500 (December 31, 2013 - $30,000) is included in loans and interest payable relating to principal. The loan is currently in default.

As of December 31, 2014, $46,000 and $4,600 respectively (December 31, 2013 - $112,000) is outstanding as loans and interest due to various directors. The loans are non-secured, bear interest at the rate of 10% per annum and are payable at the closing of financing.

Over the course of 2012 to 2014, the Company received loans of $269,200 from the CEO. The loans are non-secured and bear interest at the rate of 10% per annum payable at the closing of a financing. As at December 31, 2014, $165,800 (December 31, 2013 - $152,978) is included in loans and interest payable relating to principal.

During the year the company issued $340,286 in convertible debentures. Of this amount, $79,000 in debentures was purchased by directors of the Company. $75,000 was purchased by a company in which one of the director's is the chief executive officer; and, $80,000 in debentures was issued to an individual who is related to a director. The terms of these debentures can be found in note 18.

During the year ended December 31, 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.

In prior years, the Company received non-secured, loans payable from a former director in the amount of $17,500, bearing interest at 10% per annum. The total outstanding amount as at December 31, 2013 was $17,500 included in due to related parties. In 2014, $17,500 in loans payable plus accrued interest of $800 was converted into convertible debentures.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

All key management compensation has been included above.

11. CONVERTIBLE DEBENTURES

On June 17, 2014, the Company closed its non-brokered private placement of secured convertible debentures (the "Debentures") for total gross proceeds of $340,286. These debentures were issued at face value and are convertible, at the option of the holder, 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 common shares of the Company on December 31, and June 30, of each year beginning on December 31, 2014.

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 and had a value of $58,678 (see note 9 for estimates used in the valuation of warrants). The warrant value of $58,678 has been recognized in equity for the year ended December 31, 2014.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debenture being less than face value. The discount is being amortized over the term of the debenture utilizing the effective interest rate method at a 39.4% per annum discount rate.

The following table reflects the continuity of convertible debentures for the year ended December 31, 2014.

Year ended,		December 31, 2014
Debentures issued	$	340,286
Transaction costs relating to convertible debentures - warrants		(58,678)
Transaction costs relating to convertible debentures - cash		(3,003)
Conversion component of convertible debenture – net of issue cost		(84,995)
Interest expense		14,792
	$	208,402

(Expressed in Canadian Dollars)

12. INCOME TAXES

Provision for Income Taxes

The reported income taxes differ from the amounts obtained by applying domestic rates of 26.50% (2013 – 26.50%) to the net loss as follows:

		2014		2013
Components of the income tax provision:				
Income taxes at statutory tax rates	**$**	**15,000**	$	(309,000)
Difference between Canadian and foreign tax rates		**(13,000)**		(12,000)
Changes in current and future tax rates and other		**-**		-
Share issue costs		**(83,000)**		(83,000)
Stock based compensation, and other non deductible expenses		**3,000**		(30,000)
Change in tax benefits not recognized		**78,000**		434,000
Income tax expense	**$**	**-**	$	-

Deferred Income Taxes

The primary differences which give rise to the deferred income tax recoveries at December 31, 2014 and December 31, 2013 are as follows:

		2014		2013
Deferred income tax assets:				
Share issuance costs	$	79,000	$	162,000
Mineral properties and other		3,378,000		3,376,000
Operating losses carried forward		2,959,000		2,869,000
		6,416,000		6,407,000
Less: valuation allowance		(2,711,000)		(6,407,000)
Add: valuation allowance from discontinued operations		(3,705,000)		-
Net deferred tax assets	$	-	$	-
Deferred income tax liabilities:				
Other	$	-	$	-
Net deferred tax liabilities	$	-	$	-

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

(Expressed in Canadian Dollars)

12. 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	$	81,852
2028		918,464
2029		889,768
2030		1,924,482
2031		1,351,825
2032		1,232,242
2032		817,563
No expiry		663,316
	$	7,879,512

13. 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, 2014, 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 $(874,973) (December 31, 2013 - $(1,130,901)).

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, 2014. The Company is not subject to externally imposed capital requirements.

13. 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. 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 is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if the Company’s access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2014, the Company had a cash balance of $196 (December 31, 2013 - $9,172) to settle current liabilities of $696,361 (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 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).

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 peso~~s~~ denominated obligations.

a) Political Risk

The Company has mining and exploration operations in the US and 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; 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.

13. FINANCIAL AND OTHER RISK FACTORS (continued)

Future political and economic conditions in the US and 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.

Property Risk

The Company's significant mineral properties include the Murdock Mountain project and the San Lucas project 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.

Sensitivity Analysis

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

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts payable, due to related parties, loans and interest payable that are denominated in Colombian pesos. As at December 31, 2014, had the Canadian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Company’s comprehensive loss for the year ended December 31, 2014 would have been approximately $3,982 higher/lower respectively as a result of foreign exchange losses/gains on translation of Colombian peso denominated financial instruments.

(ii) 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, 2014	December 31, 2013
Less than 1 month	**$ 3,198**	$ 2,207
1 to 3 months	**12,366**	6,189
Over 3 months	**101,144**	209,944
Total Trade and Other Payables	**$ 116,708**	$ 218,340

(Expressed in Canadian Dollars)

14. DISCONTINUED OPERATIONS

On June 19, 2014, the Company entered into an agreement to sell its wholly-owned subsidiary, San Lucas Gold Corp. (“San Lucas”), to Enneract Corporation (“Enneract”), a private Panamanian company. San Lucas Gold Corp holds 100% of Quia’s Colombia-based mining interests. The transaction closed on July 18, 2014.

Pursuant to the terms of the agreement, Quia will receive a number of common shares equaling $1 and resulting in an equity ownership of 5% of Enneract, as well as a 2% net smelter return royalty, of which Enneract can buy back half for US$ 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 transfer of the property into a joint venture.

Assets and liabilities related to San Lucas have been classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell in the consolidated statements of financial position. The operating results for year ended December 31, 2014 and 2013 related to San Lucas have been presented separately as the loss from discontinued operations in the consolidated statements of income and comprehensive loss.

During the year ended December 31, 2014, the Company recognized a gain on disposal of $526,711 that resulted from the estimated fair value of the consideration received in the transaction exceeding the carrying value of the San Lucas net liabilities, measured at July 18, 2014. The gain on disposal has been included in net earnings from discontinued operations in the consolidated statements of income and comprehensive loss.

The carrying value of major classes of assets and liabilities as well as fair value of consideration received as at the date of disposal were as follows:

Cash	$	(19,647)
Prepaid expenses		17,035
Property, plant and equipment		31,005
Trade and other payables		(528,417)
Provisions		(26,688)
Net carrying value	$	(526,712)
Enneract shares	$	1
2% net smelter return royalty		-
Total fair value of consideration received	$	1

The Company determined the fair value of the 2% net smelter return royalty using a valuation model, which is based upon on the combined free cash flow expected to be generated from the San Lucas mine.

(Expressed in Canadian Dollars)

14. DISCONTINUED OPERATIONS (continued)

The breakdown of the gain (loss) for the year ended December 31, 2014 and 2013 from discontinued operations is as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	$	$
Exploration and evaluation	**(105,964)**	(321,478)
Office and general	**(57,343)**	(206,563)
Management and consulting	**(10,153)**	-
Salaries and benefits	**(26,047)**	(26,467)
Foreign exchange	**(8,119)**	(1,758)
Loss from discontinued operations	**(207,626)**	(556,266)
Gain on disposal	**526,711**	-
Net earnings (loss) from discontinued operations	**319,085**	(556,266)