

INVENIO RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 OCTOBER 2013

Stated in Canadian Funds

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Invenio Resources Corp.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the external auditors.

We draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

16 December 2013

"Ken Booth"

Ken Booth, President and CEO

"Jeff Block"

Jeff Block, CFO

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Note	31 October 2013	31 July 2013
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 4,907	\$ 4,299
Taxes receivable		3,841	8,854
Prepaid amounts and other current assets		3,970	6,763
		12,718	19,916
Non-current Assets			
Intangible assets	(7)	1,366	1,477
Equipment	(8)	13,367	14,542
		14,733	16,019
		\$ 27,451	\$ 35,935
LIABILITIES			
Current Liabilities			
Trade and other payables	(10)	\$ 374,795	\$ 324,740
EQUITY			
Share capital (Statement 3)	(11)	7,647,431	7,647,431
Contributed surplus (Statement 3)	(11)	1,580,711	1,580,711
Deficit (Statement 3)		(9,575,486)	(9,516,947)
		(347,344)	(288,805)
		\$ 27,451	\$ 35,935

Nature of Operations and Going Concern	(1) Segmented Disclosure	(12)
Basis of Preparation - Statement of Compliance	(2) Capital Disclosure	(13)

The condensed interim consolidated financial statements were approved by the Board of Directors on 16 December 2013 and were signed on its behalf by:

"Ken Booth"
Ken Booth, Director

"Allan Williams"
Allan Williams, Director

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 31 October 2013	Three months ended 31 October 2012
CONTINUING OPERATIONS			
EXPENSES			
Exploration and evaluation			
Exploration expenditures	(9)	\$ -	\$ 11,442
General and administrative			
Management fees	(10)	45,000	45,000
Office rent	(10)	4,500	4,500
Professional fees	(10)	4,000	8,396
Insurance		2,231	2,137
Amortization		1,286	2,738
Transfer agent and filing fees		946	2,324
Foreign exchange loss		449	45
Bank, interest and other expenses		127	81
Travel		-	1,018
Office and general		-	564
Advertising and promotion		-	517
Net Loss and Total Comprehensive Loss for the Period		(58,539)	(78,762)
Weighted Average Number of Shares Outstanding		22,303,794	22,303,794
Basic and Diluted Loss per Common Share		\$ (0.00)	\$ (0.00)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Share Value	Amount	Contributed Surplus	Deficit	Shareholders' Equity
BALANCE AT 1 AUGUST 2012	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,190,216)	\$ 37,926
Net loss for the period	-	-	-	-	(78,762)	(78,762)
BALANCE AT 31 OCTOBER 2012	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,268,978)	\$ (40,836)
Net loss for the period	-	-	-	-	(100,355)	(100,355)
BALANCE AT 31 JANUARY 2013	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,369,333)	\$ (141,191)
Net loss for the period	-	-	-	-	(73,536)	(73,536)
BALANCE AT 30 APRIL 2013	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,442,869)	\$ (214,727)
Net loss for the period	-	-	-	-	(74,078)	(74,078)
BALANCE AT 31 JULY 2013	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,516,947)	\$ (288,805)
BALANCE AT 1 AUGUST 2013	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,516,947)	\$ (288,805)
Net loss for the period	-	-	-	-	(58,539)	(58,539)
BALANCE AT 31 OCTOBER 2013	22,303,794	\$ -	\$ 7,647,431	\$ 1,580,711	\$ (9,575,486)	\$ (347,344)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Three months ended 31 October 2013	Three months ended 31 October 2012
OPERATING ACTIVITIES			
Net Loss for the Year		\$ (58,539)	\$ (78,762)
Items Not Affecting Cash			
Amortization		1,286	2,738
Foreign exchange loss		-	6
		(57,253)	(76,018)
Net Change in Non-cash Working Capital			
Taxes receivable		5,013	(2,702)
Prepaid amounts and other assets		2,793	2,687
Trade and other payables		50,055	33,750
		608	(42,283)
Net Increase (Decrease) in Cash		608	(42,283)
Cash position – beginning of period		4,299	103,220
Cash Position – End of Period		\$ 4,907	\$ 60,937
Schedule of Non-cash Investing and Financing Transactions			
Cash paid for interest		\$ -	\$ -
Cash paid for income taxes		\$ -	\$ -

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of Operations and Going Concern

Invenio Resources Corp. (“the Company”) was incorporated in the Province of British Columbia on 20 December 1996. The Company is in the exploration stage. The Company is listed on the TSX Venture Exchange (“TSX-V”). The Company’s Registered and Records Office is at Suite 1010 – 789 West Pender Street, Vancouver, BC.

These condensed interim consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of mineral property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. The Company needs to raise equity financing in the short-term to continue its operations. These conditions indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

For the Company to continue to operate as a going concern it needs the ongoing financial support of its related parties and vendors and must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these condensed interim consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used and such adjustments could be material.

	31 October 2013	31 July 2013
Working capital (deficit)	\$ (362,077)	\$ (304,824)
Accumulated earnings (deficit)	\$ (9,575,486)	\$ (9,516,947)

2) Basis of Preparation – Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the unaudited condensed interim consolidated financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended 31 July 2013.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3) Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise noted. The Company's principal accounting policies are outlined below:

a) Basis of presentation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company. These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary:

- Invenio Resources USA Inc., which was incorporated in Alaska, United States of America on 16 May 2011.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition. The Company has no non-controlling interests.

b) Foreign currency

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Both the parent and subsidiary use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

c) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

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Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

d) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

e) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that

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the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

f) Comprehensive profit (loss)

Comprehensive profit (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to foreign subsidiary operations. The Company's comprehensive profit (loss) and components of other comprehensive income are presented in the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Shareholders' Equity.

g) Property and equipment

Other assets are amortized over their estimated useful lives at the following rates:

Field equipment	30%	Declining balance method
Computer equipment	55%	Declining balance method
Furniture and fixtures	20%	Declining balance method

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognised as a provision.

The costs of day-to-day servicing are recognised in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

The depreciation method, useful life and residual values are assessed annually.

Subsequent costs

The cost of replacing part of an item within property and equipment is recognised when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

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An impairment loss is recognised when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognised in profit and loss for the period.

The recoverable amount is the greater of the asset's 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. An impairment loss with respect to goodwill is never reversed.

h) Exploration and evaluation expenditure

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of exploration and evaluation assets acquired by the issue of shares.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

Restoration provisions

The Company recognizes liabilities for legal obligations associated with the reclamation or rehabilitation of mineral property interests that the Company is required to settle. The Company recognizes the fair value of liabilities for such obligations in the year in which they occur or in the year in which a reasonable estimate of such costs can be made. The obligation is recorded as a liability with a corresponding charge to operations. The Company has determined that it has no restoration obligations as at 31 October 2013.

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i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

j) Financial instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade and other payables, and due to related party. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding

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the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

l) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the condensed interim consolidated financial statements.

a) Critical judgements in applying accounting policies

Determination of functional currency

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. The functional currency of the Company and its wholly owned subsidiary are assessed by management at each reporting period.

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b) Key sources of estimation uncertainty

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted is measured using the Black-Scholes option valuation model ("BKS"), which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values.

Rehabilitation Provisions

Rehabilitation provisions have been assessed based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred.

At 31 October 2013, management assessed that the Company did not have any significant rehabilitation provisions.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

5) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

a) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2015.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6) Financial Instruments and Risk Management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 October 2013 due to the immediate or short-term maturities of the financial instruments.

Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, amounts receivable, trade and other payables, and due to related parties. Cash and cash equivalents, amounts receivable, trade and other payables, and due to related parties approximate their fair value due to their short-term nature.

b) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

d) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to interest rate risk.

e) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going exploration expenditures. The Company is not exposed to significant foreign currency risk.

f) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As the Company has no significant source of cash flows, this is a significant risk.

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7) Intangible assets

	Computer Software
COST	
Balance at 01 August 2012	\$ 3,544
Additions	-
Balance at 31 July 2013	\$ 3,544
Balance at 01 August 2013	\$ 3,544
Additions	-
Balance at 31 October 2013	\$ 3,544
DEPRECIATION AND IMPAIRMENT LOSSES	
Balance at 01 August 2012	\$ 1,435
Depreciation for the year	632
Balance at 31 July 2013	\$ 2,067
Balance at 01 August 2013	\$ 2,067
Depreciation for the year	111
Balance at 31 October 2013	\$ 2,178
CARRYING AMOUNTS	
At 31 July 2013	\$ 1,477
At 31 October 2013	\$ 1,366

Intangible assets are stated, in the statement of financial position, at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of the asset over their estimated useful lives using the declining balance method as follows:

Computer software	30%	Declining Balance Method
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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

8) Equipment

	Field Equipment	Computer Equipment	Furniture and Fixtures	Total
COST				
Balance at 01 August 2012	\$ 26,175	\$ 26,981	\$ 7,034	\$ 60,190
Additions	-	-	-	-
Balance at 31 July 2013	\$ 26,175	\$ 26,981	\$ 7,034	\$ 60,190
Balance at 01 August 2013	\$ 26,175	\$ 26,981	\$ 7,034	\$ 60,190
Additions	-	-	-	-
Balance at 31 October 2013	\$ 26,175	\$ 26,981	\$ 7,034	\$ 60,190
DEPRECIATION				
Balance at 01 August 2012	\$ 12,342	\$ 21,743	\$ 3,907	\$ 37,992
Depreciation for the year	4,150	2,881	625	7,656
Balance at 31 July 2013	\$ 16,492	\$ 24,624	\$ 4,532	\$ 45,648
Balance at 1 August 2013	\$ 16,492	\$ 24,624	\$ 4,532	\$ 45,648
Depreciation for the period	726	324	125	1,175
Balance at 31 October 2013	\$ 17,218	\$ 24,948	\$ 4,657	\$ 46,823
CARRYING AMOUNTS				
At 31 July 2013	\$ 9,683	\$ 2,357	\$ 2,502	\$ 14,542
At 31 October 2013	\$ 8,957	\$ 2,033	\$ 2,377	\$ 13,367

Equipment is stated, in the statement of financial position, at cost less accumulated depreciation. The cost of property and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

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9) Exploration and Evaluation Assets

a) Exploration and evaluation expenditures

Exploration and evaluation acquisition costs for the fiscal periods ended 31 July 2013 and 31 October 2013 are as follows:

	Kings Canyon Millard County	Green Springs	Candle Hills	Ganes Creek	Total
ACQUISITION COSTS					
As at 01 August 2012	\$ -	\$ 23,076	\$ -	\$ -	\$ 23,076
Write-down of properties	-	(23,076)	-	-	(23,076)
As at 31 July 2013	\$ -	\$ -	\$ -	\$ -	\$ -
Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ -
Write-down of properties	-	-	-	-	-
As at 31 October 2013	\$ -	\$ -	\$ -	\$ -	\$ -

Exploration and evaluation expenditures for the three month periods ended 31 October 2013 and 31 October 2012 are as follows:

	Kings Canyon Millard County	Green Springs	Candle Hills	Ganes Creek	Total
EXPLORATION EXPENDITURES					
Concessions and licensing	\$ -	\$ 11,442	\$ -	\$ -	\$ 11,442
Period ended 31 October 2012	\$ -	\$ 11,442	\$ -	\$ -	\$ 11,442
Period ended 31 October 2013	\$ -	\$ -	\$ -	\$ -	\$ -

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b) Exploration and evaluation properties

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many exploration and evaluation assets.

i) Green Springs (Nevada), Kings Canyon, Millard County Property and Caldera (Utah)

On 08 February 2012, the Company amended the terms of an agreement dated 09 May 2006 with Palladon Ventures Ltd. on the Green Springs and Kings Canyon projects. However, on 23 May 2012, the Company announced it has sold its share of the Kings Canyon Project (the "Project") located in Utah. The Company and Palladon closed a transaction giving Geomark Exploration Ltd. control over 100% of the Project. Geomark paid each of the Company and Palladon \$162,500 and assumed the existing option the Company had with Crown Resources Ltd. and acquired a 100% interest in claims surrounding the Crown Resources land. The Company has recognized a gain on sale of \$64,490 which was recognized during the year ended 31 July 2012.

On 14 February 2013, the Company announced that it was not continuing with its option on the Green Springs gold property in Nevada. The Company received \$50,000 for the early termination of the option. The Company's investment in the Green Springs property was written off, resulting in a gain of \$26,924.

During the year ended 31 July 2013, the Company advanced \$20,000 and accrued a further \$5,000 to Palladon Ventures Ltd in relation to a reclamation obligation on the Caldera property. Management has determined that it has no further reclamation obligations as at 31 October 2013.

By an agreement dated 06 December 2006, the Company was granted an option to acquire a 100% interest in certain mineral claims located in Millard County, Utah, USA. During the year ended 31 July 2009, management decided not to continue with its exploration program on these claims. However, during the year ended 31 July 2012, the Company issued 75,000 common shares valued at \$5,750 with respect to this property to maintain its interest in the claims. The shares were valued at the market price on share issue date. No shares were issued during the three month period ended 31 October 2013.

ii) Ganes Creek Property (Alaska)

By an agreement dated 21 January 2011, the Company was granted an option to acquire a 100% interest in one hundred and nine state mining claims and ninety patented mining claims located in Seward Meridian, Alaska. The Company terminated this agreement during the period ended 31 October 2012, following the write down of the Company's investment in this property at 31 July 2012.

iii) Candle Hills Property (Alaska)

By an agreement dated 22 June 2011, the Company was granted an option to acquire a 100% interest in sixty-one Prospecting Sites located in Seward Meridian, Alaska. The Company terminated this agreement during the period ended 31 October 2012, following the write down of Company's investment in this property at 31 July 2012.

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10) Related Party Transactions

Related party transactions and balances not disclosed elsewhere in the financial statements are as follows:

RELATED PARTY DISCLOSURE		Remuneration or Fees ⁽¹⁾ (\$)	Share-based Awards (\$)	Included in Accounts Payable (\$)
Name and Principal Position				
A company controlled by the President and CEO – management fees	2013	22,500	-	116,972
	2012	22,500	-	11,250
A company controlled by the CFO – management fees	2013	7,500	-	26,809
	2012	7,500	-	2,500
A company controlled by the corporate secretary – professional fees	2013	-	-	4,172
	2012	957	-	-
A company controlled by the CFO – office rent	2013	4,500	-	4,725
	2012	-	-	-
A company with mutual directors – office rent	2013	-	-	-
	2012	4,500	-	-
Director – management fees	2013	15,000	-	100,600
	2012	15,000	-	40,600

⁽¹⁾ Amounts disclosed were paid or accrued to the related party during the three month period ended 31 October 2013 and 31 October 2012.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. During the month period ended 31 October 2013, aggregate remuneration of \$45,000 (2012 – \$45,957) was paid or accrued to key management personnel. No share-based payments were granted to key management personnel in the current or comparative periods.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

11) Share Capital

a) Authorized:

The Company is authorized to issue 100,000,000 common shares without par value.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

Issued or allotted and fully paid:

During fiscal 2012, the Company issued 675,000 shares with an aggregate fair value of \$54,750 for the acquisition of exploration and evaluation assets, details of which are disclosed in note (9).

b) Summary of stock option activity

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant, both in aggregate and in any one-year period. The maximum number of common shares reserved for issue to any one

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person other than employees conducting investor relations activities and any consultants under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant, both in aggregate and in any one-year period.

The number of options granted to all persons who are consultants or employed to perform investor relations activities shall not exceed 2% of the then issued and outstanding shares of the Company. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company.

The stock option activity during the three month period ended 31 October 2013 and the year ended 31 July 2013 is summarized as follows:

	31 October 2013	Weighted average exercise price	31 July 2013	Weighted average exercise price
STOCK OPTION ACTIVITY				
Balance – beginning of period	1,606,667	\$ 0.27	2,215,000	\$ 0.26
Cancelled	-	-	(108,333)	0.27
Expired	(40,000)	0.75	(500,000)	0.23
Balance – end of period	1,566,667	\$ 0.25	1,606,667	\$ 0.27

Details of stock options outstanding as at 31 October 2013 and 31 July 2013 are as follows:

Expiry Date	Exercise Price	31 October 2013	Exercise Price	31 July 2013
04 September 2013	\$ -	-	\$ 0.75	40,000
02 October 2014	0.48	66,667	0.48	66,667
15 December 2015	0.25	1,100,000	0.25	1,100,000
03 February 2016	0.34	200,000	0.34	200,000
28 April 2016	0.16	100,000	0.16	100,000
08 November 2016	0.11	100,000	0.11	100,000
		1,566,667		1,606,667

The outstanding options have a weighted-average exercise price of \$0.25 (31 July 2013 - \$0.27) and the weighted-average remaining life of the options is 2.17 (31 July 2013 – 2.36) years. As at 31 October 2013, 1,566,667 of the outstanding options had vested and are exercisable.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

c) Share-based payments

For the three month periods ended 31 October 2013 and 31 October 2012, the Company issued stock options to its directors, officers, employees, and consultants and recognized stock-based compensation as follows:

	31 October 2013	31 October 2012
Total options granted	-	-
Average exercise price	\$ -	\$ -
Estimated fair value of compensation	\$ -	\$ -
Estimated fair value per option	\$ -	\$ -

Stock-based compensation for the options that vested during the three month periods ended 31 October 2013 and 31 October 2012 are as follows:

	31 October 2013	31 October 2012
Number of options vested	-	-
Compensation recognized	\$ -	\$ -

i) Options issued to employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

ii) Options issued to non-employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. Fair value was determined using hourly rates for such services.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the three month period ended 31 October 2013 and the year ended 31 July 2013 is summarized as follows:

WARRANT ACTIVITY	31 October 2013	Weighted average exercise price	31 July 2013	Weighted average exercise price
Balance – beginning of period	-	\$ -	9,672,170	\$ 0.43
Expired	-	-	(9,672,170)	0.43
Balance – end of period ⁽ⁱ⁾	-	\$ -	-	\$ -

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise of the warrants.

No warrants were outstanding as at 31 October 2013 or 31 July 2013.

e) Nature and purpose of equity reserves

The reserves recorded in equity on the Company's Statement of Financial Position include 'Contributed Surplus', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12) Segmented Disclosure

The following table provides segmented disclosure on assets and liabilities as reviewed by management regularly:

Rounded to 000's	Canada	United States	Total
31 July 2013			
Current assets	\$ 18,000	\$ 2,000	\$ 20,000
Long-term Assets			
Equipment	5,000	10,000	15,000
Intangible assets	1,000	-	1,000
Liabilities			
Current liabilities	325,000	-	325,000
31 October 2013			
Current assets	\$ 11,000	\$ 2,000	\$ 13,000
Long-term Assets			
Equipment	4,000	9,000	13,000
Intangible assets	1,000	-	1,000
Liabilities			
Current liabilities	354,000	21,000	375,000

13) Capital Disclosure

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. 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 to sustain future development of the business. The Company defines capital that it manages as share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock. Capital raised is held in cash in an interest bearing bank account until such time as it is required to pay operating expenses or mineral property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the period ended 31 October 2013.