
**THE STREETWEAR CORPORATION
MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE
CORPORATION TO BE HELD ON FEBRUARY 15, 2013**

DATED: JANUARY 15, 2013

The Streetwear Corporation
Notice of Annual and Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of the Shareholders of The Streetwear Corporation (the “**Corporation**”) will be held at 133 Richmond Street West, Suite 403, Toronto, Ontario, M5H 2L3 on the 15th day of February 2013 at the hour of 10:00 AM (Toronto Time) for the following purposes:

1. to receive the Corporation’s audited financial statements for the fiscal period ended January 31, 2012 and 2011, together with the report of the auditors thereon;
2. to appoint auditors and to authorize the directors to fix the auditors’ remuneration;
3. to consider and, if thought advisable, pass, with or without variation a resolution relating to the Incentive Stock Option Plan of the Corporation (See “**Schedule C**” to the Management Information Circular);
4. to consider and, if thought advisable, pass, with or without variation a special resolution to fix the number of directors of the Corporation to be elected at the meeting, at three (3), and to empower the board of directors of the Corporation to determine from time to time the number of directors of the Corporation (see “**Schedule E**” to the Management Information Circular);
5. to elect directors;
6. to consider and, if thought advisable, pass, with or without variation, a special resolution to change the name of the Corporation to ARC Corporation or such other name as deemed appropriate by the board of directors (See “**Schedule F**” to the Management Information Circular);
7. to consider and, if thought advisable, pass, with or without variation an special resolution of the shareholders (the “**Listing Resolution**”) to authorize the Corporation to seek a listing of its common shares on either the Canadian National Stock Exchange or the TSX Venture Exchange (collectively the “**Exchange**”) (See “**Schedule G**” to the Management Information Circular
8. to transact such further and other business as may properly come before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the Management Information Circular. The audited financial statements of the Corporation for the fiscal period ended January 31, 2012 and 2011 along with the auditors’ report thereon, a form of proxy, the Management Information Circular, a supplemental mailing list form, and a return envelope accompany this notice.

The board of directors of the Corporation have determined that shareholders registered on the books of the Corporation at the close of business on January 15, 2013 are entitled to

notice of the meeting and to vote at the meeting. Shareholders of the Corporation who are unable to attend the meeting in person are requested to date and sign the enclosed form of proxy and return it in the enclosed envelope. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the Corporation's registrar and transfer agent, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, on or before 10:00 AM (Toronto time) on the second business day prior to the meeting or if the meeting is adjourned, at least 48 hours prior to the time set for the adjourned meeting, or delivering it to the Chairman of the meeting prior to the commencement of the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the meeting.

DATED at Toronto, Ontario this 20th day of December, 2012.

By Order of the Board

Per: "*Saul Rajsky*"
Saul Rajsky
Director of the Corporation

MANAGEMENT INFORMATION CIRCULAR

Solicitation of Proxies

This management information circular (the “**Management Information Circular**”) is furnished in connection with the solicitation by and on behalf of the management of The Streetwear Corporation (the “**Corporation**”) of proxies to be used at the Annual and Special Meeting of Shareholders of the Corporation (the “**Meeting**”) to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the “**Notice of Meeting**”). It is expected that such solicitation will be primarily by mail. Solicitations may also be supplemented by telephone or other means of telecommunications or personally by directors, officers or designated agents of the Corporation. The Corporation may also pay brokers, investment dealers, custodians or nominees holding common shares in their names or in the names of their principals for their reasonable expenses in forwarding proxy solicitation material to their principals who are beneficial holders of common shares of the Corporation. The cost of solicitation by management or on behalf of management of the Corporation will be borne by the Corporation.

No person is authorized to give any information or to make any representations other than those contained in this Management Information Circular and, if given or made, such information must not be relied upon as having been authorized.

Effective Date

Unless otherwise noted herein, all information contained in this Management Information Circular herein is as of January 15, 2012 (the “**Effective Date**”).

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy represent management of the Corporation. **A shareholder desiring to appoint some other person to represent him or her at the meeting may do so** by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy with the Corporation’s transfer agent and registrar, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, on or before 10:00 a.m. (Toronto Time) on the second business day prior to the Meeting, or if the Meeting is adjourned, at least 48 hours prior to the time set for the adjourned Meeting, or delivering it to the Chairman of the Meeting on the date of the Meeting or any adjournment thereof. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing, or if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the meeting on the day of such meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before it is exercised. The *Business Corporations Act* (Ontario) (“**BCAO**”) sets out a procedure for revoking proxies by the deposit of an instrument in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof at which the proxy is to be used or, with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

Advice to Beneficial Shareholders

The non-registered shareholders of the Corporation should review the information set forth in this section carefully. Shareholders who do not hold their shares in their own name (referred to in this Management Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares will, in all likelihood, not be registered in the shareholder’s name. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such shares are registered in the name of CEDE & Co. (the registration name for The Depository Trust Company, which acts as nominee for many U.S. brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

National Instrument 54-101 of the Canadian Securities Administrators requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadview Investor Communications Solutions (“ICS”) in Canada. ICS typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ICS, or otherwise communicate voting instructions to ICS (by way of the Internet or telephone, for example). ICS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives an ICS voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to ICS (or instructions respecting the voting of shares must otherwise be communicated to ICS) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or an agent of such broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the proxy form provided to them by their broker (or the broker’s agent) and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or the broker’s agent).

Exercise of Discretion by Proxies

Proxies received in favour of management will be voted and where a choice is specified, will be voted in accordance with the choice so specified in the proxy. **Where no choice is specified, the proxy will be voted in favour of all of the matters set out in the accompanying proxy, all the more particularly described in the Management Information Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. At the time of printing of this Management Information Circular the management of the Corporation knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting. **However, if other matters which are not known to the management should properly come before the meeting the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting.**

Voting of Shares and Principal Holders Thereof

As of the Effective Date, the Corporation had 26,509,905 common shares issued and outstanding, each of which carries one (1) vote.

Holders of common shares of Corporation at the close of business on January 15, 2013 (the “**Record Date**”) will be entitled to one vote for each share held by them except to the extent that a person has transferred any common shares after the Record Date and the transferee of such common shares established proper ownership and demands, not less than 10 days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such common shares.

To the knowledge of the directors and senior officers of the Corporation as of the Effective Date, the only person beneficially owning, directly or indirectly, or exercising control or discretion over the voting securities carrying in excess of 10% of the voting rights attached to the securities of the Corporation is Saul Rajskey, President and Chief Executive Officer of the Corporation, who owns indirectly 18,000,000 common shares, representing 67.9% of the issued shares of that class.

PARTICULARS OF MATTERS TO BE ACTED UPON

Appointment of Auditors

Wasserman Ramsay LLP, Chartered Accountants, have been the auditors of the Corporation since December 14, 2011. Shareholders of the Corporation are asked to vote in favour of the appointment of Wasserman Ramsay LLP, Chartered Accountants, as the Corporation’s auditors, to hold office until the close of the next annual meeting of shareholders of the Corporation and have the remuneration to be fixed by the board of directors of the Corporation.

Unless a proxy specifies that the shares it represents should be withheld from voting in the appointment of auditors, the proxy holders named in the accompanying proxy intend to use it to vote FOR the appointment of Wasserman Ramsay LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the close of the next annual meeting of shareholders.

Special Business – Renewal of the Stock Option Plan

Management is asking the shareholders of the Corporation to approve the stock option plan (the “**Plan**”), authorizing the issuance of incentive stock options to directors, officers, employees and consultants of up to 10% of the issued and outstanding shares of the Corporation, from time to time.

The material terms of the Plan are as follows:

1. The Plan is administered by the board of directors or by a committee appointed by the board in accordance with terms of the Plan.
2. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that the options will not be permitted to exceed a term of ten years.

3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the last closing price of the Corporation's common shares on the day before the date on which the directors grant such options less the maximum discount permitted under the policies of the Exchange.
4. All options will be non-assignable and non-transferable except (i) as permitted by applicable securities laws, (ii) the Exchange, or (iii) as otherwise specifically provided in the Plan.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director, officer consultant or employee of the Corporation or ceases to be employed by the Corporation (other than by reason of disability, death or termination for cause), as the case may be, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director, officer, consultant, or employee or ceases to be employed by the Corporation, subject to terms and conditions set out in the Plan. However, if the option holder is engaged in investor relations activities the options must expire within 30 days after the option holder ceases to be employed by the Corporation to provide investor relations activities, in accordance with the policies of the Exchange.
7. Options will be subject to anti-dilution provisions in the event of any consolidation, subdivision conversion or exchange of the Corporation's common shares.

Reference should be made to the full text of the Plan attached hereto as "**Schedule D**". The Plan is subject to receipt of the Exchange acceptance.

Attached to this Circular as "**Schedule C**" is the resolution to be considered by the Corporation's shareholders. The resolution implementing the Stock Option Plan requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution. **In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote proxies received by the Corporation in favour of the resolution approving the Plan.** Management does not contemplate any amendment to the resolution, but if such an amendment should occur at or prior to the Meeting, the common shares represented by proxies received in favour of management nominees will be voted in accordance with the discretion of such nominees.

Special Business - Number of Directors

In order to elect the three (3) Proposed Directors, as is set out in the section entitled Election of Directors below, the shareholders will first be asked to consider and, if thought advisable, pass, with or without variation, a special resolution, the full text of which is attached to this Management Information Circular as "**Schedule E**", to fix the numbers of directors at three (3) and to empower the board of directors to determine from time to time the number of directors of the Corporation, such determination to be made by resolution of the board of directors. Approval of such special resolution requires the affirmative vote of not less than two thirds of the votes cast by shareholders of the Corporation who vote in respect thereof, in person or by proxy, at the Meeting.

Election of Directors

Subject to approval by the shareholders of the Corporation at the Meeting, the number of directors to be elected at the Meeting is three (3) directors. The persons named in the enclosed form of proxy intend to vote for the election of those nominees whose names are set forth below (the "**Proposed Directors**"). All of the Proposed Directors are now members of the board of directors and have been so since the dates indicated. Management does not contemplate that any of the Proposed Directors will be unable to serve as a director, but if such an event should occur for any reason prior to the Meeting, the persons named in

the enclosed form of proxy reserve the right to vote for another nominee in their discretion, unless authority to vote the proxy for the election of directors has been withheld. Each director elected will hold office until the next annual meeting of shareholders, until their resignation, or until their successor is duly elected, unless the office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto state the names of all the Proposed Directors to be nominated by the Nominating Committee for the election as directors, all other positions and offices with the Corporation now held by them, their principal occupations or employments, the period or periods of service as directors of the Corporation and the approximate number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control of direction is exercised by each of them as of the date hereof.

Name and Present Position with the Corporation ⁽²⁾	Principal Occupation	# of Shares Owned, Controlled or Directed at the date hereof ⁽¹⁾	Director Since
Saul Rajskey ^{(2) (3) (4) (5)} Richmond Hill, Ontario Director, President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary	Self-employed	18,000,000 ⁽⁶⁾	January 21, 1999
Martin Selvin ^{(3) (4) (5)} Montreal, Quebec Director	Self-employed	Nil	March 25, 2003
Friedrich Pindt ^{(3) (4) (5)} Vienna, Austria Director	Consultant	Nil	February 28, 2012

Notes:

- (1) The information as to the voting shares beneficially owned, controlled or directed not being within the knowledge of the Corporation has been furnished by the respective nominees individually.
- (2) All of the proposed directors are independent of management, with the exception of Mr. Saul Rajskey, who is the President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation.
- (3) The Audit Committee is composed of Messr. Rajskey, Selvin and Pindt.
- (4) The Corporate Governance and Nominating Committee is comprised of Messr. Rajskey, Selvin and Pindt.
- (5) The Compensation Committee is comprised of Messr. Rajskey, Selvin and Pindt.
- (6) These shares are owned by 1336041 Ontario Ltd, which is controlled by Saul Rajskey.

The Corporation does not have an Executive Committee or any other committee than those mentioned above.

The term of office of each director will be from the date of the Meeting at which the director is elected until the resignation of such director, the next annual meeting of shareholders of the Corporation, or until his successor is elected or appointed.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect of the election of directors.

Management

Mr. Saul Rajskey, 52, is a self-employed businessman and is employed on a full time basis by the Corporation and received a bachelor degree from York University.

Mr. Martin Selvin, 63, is a self-employed businessmen operating within the clothing industry since 1997. Mr. Selvin will devote the necessary time to the Corporation that is required to discharge his fiduciary duties.

Mr. Freidrich Pindt, 35, is the founding partner of Pindt & Slovakia, k.s. as consulting company. Previously, he held various positions within banking as group auditor, asset management, treasury and risk management. Mr. Pindt will devote the necessary time to the Corporation that is required to discharge his fiduciary duties.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation's compensation policy is consistent with a company seeking to identify, analyze and acquire an asset. The Chief Executive Officer, Mr. Saul Rajskey, has a significant equity position at this time that align his interest with those of all shareholders.

The Corporation's process for determining executive compensation is very simple. Due to the Corporation's early stage of development and small size of its management team and board, the Board's Nominating and Compensation Committee has maintained the Corporation's practice of not compensating broad members excluding executives, other than the reimbursement of direct expenditures.

SUMMARY COMPENSATION TABLE – NAMED EXECUTIVES

The following table (presented in accordance with Form 51-102F6 – Statement of Executive Compensation (“Form 51-102F6”) under National Instrument 51-102 – Continuous Disclosure Obligations) sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the fiscal year ended August 31, 2012 and 2011 in respect of the Chief Executive Officer, the Chief Financial Officer and the other three most highly compensated executive officers of the Corporation (the “NEO”), provided that disclosure is not required for those executive officers, other than the Chief Executive Officer, whose remuneration did not exceed \$150,000 during the most recently completed fiscal year. During the most recently completed fiscal year, the Corporation had one Named Executive Officers: Mr. Saul Rajskey, who served as the Chief Executive Officer and Chief Financial Officer since September 13, 2010, the date of incorporation.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Options Granted (#)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation		All other Compensation (\$)	Total Compensation (\$)
						Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)		
Saul Rajskey Director, CEO, CFO & Corp.Secretary	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

SUMMARY COMPENSATION TABLE - DIRECTORS

The following table describes all compensation provided to the directors of the Corporation for the fiscal year ended August 31, 2012 and 2011.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Options Granted (#)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation		All other Compensation (\$)	Total Compensation (\$)
						Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)		
Saul Rajsky Director, CEO, CFO & Corp. Secretary	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Martin Selvin Director	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Friedrich Pindt Director	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Incentive Plan Awards

While it is the Corporation's policy to compensate its Directors and Officers principally by way of incentive stock options, there are no Incentive stock options that have been granted and are currently issued and outstanding

The following table (presented in accordance with Form 51-102F6) sets forth for each NEO and Director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (f)
Saul Rajsky	Nil	N/A	N/A	\$ Nil	Nil	Nil
Martin Selvin	Nil	N/A	N/A	\$ Nil	Nil	Nil
Friedrich Pindt	Nil	N/A	N/A	\$ Nil	Nil	Nil

Incentive Plan Awards – Value Vested or earned During the Year

There have not been any incentive stock option grants during the most recently completed financial year ended January 31, 2011 to the NEO or Directors.

Name (a)	Option-based awards - Value vested during the year (\$) (b)	Share-based awards - Value vested during the year (\$) (c)	Non-equity incentive plan compensation - Value earned during the year (\$) (d)
Saul Rajsky	Nil	Nil	Nil
Martin Selvin	Nil	Nil	Nil
Friedrich Pindt	Nil	Nil	Nil

Pension and Retirement Plan Benefits

The Corporation does not currently have any formal pension or retirement compensation plans for the benefit of its directors, officers or employees.

Termination and Change of Control

The Corporation has no employment contracts with any NEO and therefore has no plans or arrangements in respect of any compensation received or that may be received by a NEO in the financial year ended January 31, 2012 in respect of compensating such director or officer in the event of termination (as a result of resignation, retirement or change of control) or in the event of change of responsibilities following a change of control.

Employment Agreements

The Corporation does not currently have an employment agreement in place with its NEO.

Remuneration of Directors

During the financial period ended January 31, 2012 and 2011, directors were not paid any compensation. Directors are entitled to be reimbursed for their direct out of pocket expenses incurred to attend each board of directors meeting or subcommittee meeting which they attend. No such payments were made during these periods.

Incentive Plan Awards

The following table (presented in accordance with Form 51-102F6) sets forth for each Non-executive director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (f)
Martin Selvin	Nil	N/A	N/A	\$ Nil	Nil	Nil
Friedrich Pindt	Nil	N/A	N/A	\$ Nil	Nil	Nil

Directors' and Officers' Liability Insurance

The Corporation did not maintain insurance for the benefit of its directors and officers against certain liabilities incurred by them in their capacity as directors or officers of the Corporation during the fiscal period ending January 31, 2012 and 2011. The Corporation will be investigating various options with regards to obtaining Directors and Officers Insurance for the benefit of its directors and officers.

Stock Option Plan

Approval of the Corporation's Stock Option Plan (the "Plan") is being presented to the shareholders for their approval at the Meeting. Please see "Approval of the Stock Option Plan" herein. The Plan permits the Corporation to issue stock options to directors, officers, employees and consultants upon approval by the Compensation Committee. The purpose of issuing stock options will be to provide incentives to certain of the Corporation's directors, officers, employees and consultants.

	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options (\$)	Number of Common Shares remaining Available for Future Issuance Under the Plan
Equity Compensation Plans Approved By Shareholders - Stock Option Plan	Nil	N/A	Nil
Equity Compensation Plans Not Approved By Shareholders	Nil	N/A	Nil
Total	Nil	N/A	Nil

Audit Committee

The audit committee is currently comprised of the following members:

Saul Rajsky	Not-Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Martin Selvin	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Friedrich Pindt	Independent ⁽¹⁾	Financially Literate ⁽¹⁾

Notes: (1) As the term is defined within National Instrument 52-110

For the fiscal year ended January 31, 2012, Wasserman ramsay LLP received fees from the Corporation as detailed below.

	2011	2010
Audit Fees		
Wasserman Ramsay LLP	\$ 8,500	\$ Nil
Audit-related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

Corporate Governance and Nominating Committee

A corporate governance and nominating committee meets on governance matters as and when required.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Corporation does not provide loans to its directors, executive officers or any of their associates or affiliates. No directors, executive officers or any of their associates or affiliates are indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, senior officer or associate of a director or senior officer nor, to the best of the knowledge of the directors and senior officers of the Corporation after having made reasonable inquiry, any person or company who beneficially owns, directly or indirectly, more than 10% of the outstanding voting securities of the Corporation as at the date hereof, or any associate or affiliate thereof, has any interest in any transaction, or in any proposed transaction, which in either such case has materially affected or will materially affect the Corporation, except as otherwise stated herein.

ADDITIONAL INFORMATION

Information for the most recently completed financial year is provided in the Corporation's financial statements attached to this Management Information Circular. Additional information relating to the Corporation is available on SEDAR at www.sedar.com or by contacting the Corporation at via telephone at (647) 932-5002, courier at 24 West Beaver Creek, Unit 101, Markham, Ontario, L4B 1M8 or email at: streetwear@exadyn.com.

BOARD APPROVAL

The undersigned hereby certifies that the contents herein, and the sending hereof, of the Management Information Circular have been approved by the board of directors of the Corporation for mailing to the shareholders entitled to receive notice of the Meeting, to each director of the Corporation and to the auditors of the Corporation.

The undersigned hereby certifies that the contents of and the sending of this information circular has been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario this 15th day of January 2013.

“Saul Rajskey”

Saul Rajskey
Director

SCHEDULE "A"

Form 58-101F2 Corporate Governance Disclosure by Venture Issuers The Streetwear Corporation (the "Corporation")

National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI 58-101") was adopted by the Canadian Securities Administrators. NI 58-101 requires issuers to disclose their governance practices in accordance with that instrument. The Corporation is a "**Venture Issuer**" within the meaning of NI 58-101. A discussion of the Corporation's governance practices within the context of NI 58-101 is set out below:

Board of Directors

All of the Corporation's directors are independent with the exception of Mr. Saul Rajskey, who is the President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation.

Directorships

There is no director of the Corporation that is also currently a director of other reporting issuers.

Orientation and Continuing Education

The Corporate Governance and Nominating Committee, with the assistance of the management of the Corporation, is responsible for providing an orientation for new directors. Director orientation and ongoing training will include presentations by senior management to familiarize directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors.

Ethical Business Conduct

The Corporation does not currently have a written code of ethical business conduct approved by the Board of Directors for its directors, officers and employees. Each director, officer and employee is expected to comply with relevant corporate and securities laws and, where applicable, the terms of their employment agreements.

Nomination of Directors

When a Board vacancy occurs or is contemplated, any director or officer may make recommendations to the Corporate Governance and Nominating Committee as to qualified individuals for nomination to the Board.

In identifying new candidates, the Corporate Governance and Nominating Committee will take into account the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Corporation at that time.

Compensation

The Corporation's Compensation Committee reviews the compensation of the directors and executive officers. The Compensation Committee also administers the Corporation's stock option plan.

The Compensation Committee receives recommendations from the management of the Corporation and reviews and makes recommendations to the Board regarding the granting of stock options to directors and executive officers of the Corporation as well as compensation for executive officers of the Corporation as well as compensation for executive officers and directors fees, if any, from time to time. Executive officers and directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Corporation.

The form and amount of cash such compensation will be evaluated by the Compensation Committee, which will be guided by the following goals:

1. compensation should be commensurate with the time spent by executive officers and directors in meeting their obligations and reflective of the compensation paid by companies similar in size and business to the Corporation; and
2. the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

Other Board Committees

The Board has no other standing committees other than the Audit Committee, Compensation Committee and the Corporate Governance and Nominating Committee.

Assessments

The Board of Directors of the Corporation does not currently conduct any formal evaluation of the performance and effectiveness of the members of the Board, the Board as a whole or any committee of the Board.

SCHEDULE "B"

Form 52-110F2 – Disclosure by Venture Issuers The Streetwear Corporation (the "Corporation")

1. The Audit Committee Charter

1.1 Continuation of the Audit Committee

The Board of Directors ("**Board**") bears responsibility for the stewardship of the Corporation and in this regard, the Board supervises and directs management of the Corporation in carrying out the business of the Corporation, in the interest and for the benefit of the Corporation's shareholders.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to assist the Board in the identification and oversight of the management of financial risk, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "**Committee**"). The Committee's existing mandate is hereby repealed and replaced by this Charter.

1.2 Composition of Committee

(a) The Committee will be appointed annually by the Board and consist of at least three (3) members from among the Directors of the Corporation, at least two (2) of whom shall be, in the opinion of the Board, both an unrelated director within the meaning of Policy 3.1 of the TSX Venture Exchange Company Manual and an independent director under section 1.4 of Multilateral Instrument 52-110 Audit Committees ("**MI 52-110**").

(b) No member of the Committee may (other than in his or her capacity as a member of the Committee, the Board or another Board committee) accept any consulting, advisory or other compensatory fee from the Corporation or be an affiliated person of the Corporation or any subsidiary.

All members of the Committee shall be financially literate (i.e. have the ability to read and understand the Corporation's financial statements and notes). At least one member of the Committee shall have accounting or related financial experience (i.e. the ability to analyze and interpret financial statements and notes in accordance with Canadian generally accepted accounting principles) and shall be an audit committee financial expert under the MI 52-110.

(d) Officers of the Corporation, including the Chairman of the Board unless he or she is an unrelated director, should not serve as a member of the Committee.

(e) The Board will designate the Chairman of the Committee. The Chairman shall have responsibility for overseeing that the Committee fulfills its mandate and its duties effectively.

1.3 Responsibilities and Duties of the Committee

The Board mandates the Committee to monitor and be responsible for the supervision of the Corporation's financial reporting and disclosure obligations. To fulfill this role, the Committee shall have the following responsibilities and duties:

(a) To oversee compliance by the Corporation with all legal, regulatory and contractual requirements relating to financial reporting and disclosure and to oversee the accounting and financial reporting processes and audits of the financial statements of the Corporation;

(b) To review the financial statements and other financial information of the Corporation with management and the external auditors to gain reasonable assurance that they present fairly (in accordance with generally accepted accounting principles in Canada) in all material respects the financial condition, results of operations and cash flows of the Corporation as of, and for, the periods presented, and report thereon to the Board before same are approved by the Board;

To review with management and the external auditors the financial statements of any significant subsidiary of the Corporation;

(d) To review with management the representation letter provided to the external auditors, to receive from management any additional representations required by the Committee, and to receive from the external auditors reports on their audit of the annual and their review of the quarterly financial statements of the Corporation;

(e) To review news releases and reports to shareholders to be issued by the Corporation containing earnings guidance or containing financial information based on the Corporation's financial statements;

(f) To review the Corporation's annual and quarterly "management's discussion and analysis" with management and report thereon to the Board before it is approved by the Board;

(g) To review the financial information in prospectuses, annual reports, material change disclosures of a financial nature, annual information forms and similar disclosure documents to be issued by the Corporation;

(h) To review with management and the external auditors the acceptability, appropriateness and quality of the Corporation's accounting principles;

(i) To review an annual report by the external auditors describing:

(i) all critical accounting practices and policies to be used;

(ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the impact of the alternative treatments, and the treatment preferred by the external auditors; and

(iii) other material written communications between the external auditors and management, and to meet with the external auditors to discuss the said annual report;

(j) To review with management the principal financial risks facing the Corporation and gain reasonable assurance that financial risk is being effectively managed or controlled;

(k) To review with management significant contingent liabilities;

(l) To review with management and the external auditors the Corporation's internal financial control system for its effectiveness and integrity and to oversee management's reporting on that system;

(m) To review with management the Corporation's management information systems for their effectiveness and their integrity;

(n) To approve hiring, the remuneration and the terms of engagement of the external auditors as set forth in their engagement letter and, if necessary, their termination, and to review the performance of the external auditors as required. The Committee shall also require that the lead or responsible audit partner of the external auditors in charge of the Corporation's audit, is rotated every 5 years and that other rules relating to the audit partner as enacted by securities regulatory authorities of Canada and the United States are followed;

(o) To review regularly with the external auditors their independence, including pre-approval of all engagements (and fees related thereto) for non-audit services with the Corporation, and to ensure disclosure of any such non-audit services annually but in no event shall any of the following non-audit services be performed by the external auditors:

- (i) book-keeping or other services related to the accounting records or financial statements;
- (ii) financial information systems design and implementation;
- (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- (iv) actuarial services;
- (v) internal audit outsourcing services;
- (vi) management functions or human resources;
- (vii) broker or dealer, investment advisor or investment banking services;
- (viii) legal services and expert services unrelated to the audit; and
- (ix) other services prescribed by legislation;

(p) To review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the materiality levels which the external auditors propose to employ and other issues which are appropriate in the view of either the Committee or the external auditors;

(q) To put in place procedures to receive and handle complaints or concerns received by the Corporation about accounting, internal accounting controls and audit matters including those submitted anonymously by an employee of the Corporation;

To review with management periodically the Corporation's code of ethics for senior financial officers;

(s) To ensure that an external auditor cannot act as auditor of the Corporation if the Chief Executive Officer, President, Controller, Chief Financial Officer or person serving in an equivalent position was employed by the external auditor and participated in any capacity in the audit of the Corporation during a 1 year period preceding the date of initiation of the audit; and

(t) To perform any other matters referred to the Committee or delegated to it by the Directors.

1.4 Operating Principles

The Committee will fulfill its responsibilities within the context of the following operating principles:

(a) Committee Duties

Committee members are required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(b) Committee Values

The Committee expects management of the Corporation to operate in compliance with all corporate policies and codes, and all laws and regulations governing the Corporation and to maintain strong financial reporting and control processes.

Communications

The Chairman and all members of the Committee expect to have direct, open and frank communications throughout the year with management, other committee chairmen, the external auditors, the internal auditor, if any, the chairman of the audit committee of any subsidiaries, where applicable, and other key Committee advisors, as applicable.

(d) External Resources

To assist the Committee in discharging its responsibilities, the Committee may, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise. The Corporation shall pay all fees and expenses of the external auditors or other persons retained by the Committee.

(e) Reporting to the Board

The Committee, through its Chairman, will report regularly to the Board, and in any event no less frequently than on a quarterly basis.

(f) Time Commitment

Members of the Committee are expected to commit whatever time may be necessary to fulfill the mandate of the Committee. Members should prepare for Committee meetings by reviewing the materials sent to them by management for discussion at the meeting, as well as other material they feel is necessary.

Members are expected to attend (in person or by telephone) all meetings of the Committee and to participate in those meetings through the asking of relevant questions and the expression of opinions on items being discussed.

(g) External Auditors

The external auditors will be accountable to the Board, as representatives of shareholders, through the Committee. The Committee is directly responsible for recommending the appointment of the auditors to the Corporation's shareholders and for the compensation and oversight of the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors will report all material issues or potentially material issues to the Committee.

(h) Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee will be entitled to rely in good faith upon:

- (i) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with Canadian generally accepted accounting principles; and
- (ii) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

1.5 Operating Procedures

(a) Frequency of Meetings

The Committee will meet at least 4 times annually, and more frequently as circumstances dictate. Meetings will be held on at least 4 hours notice at the call of the Chairman, upon the request of any member of the Committee or at the request of the external auditors.

(b) Quorum

A quorum will be a majority of the members of the Committee present in person or by telephone.

Chairman

In the absence of the Chairman of the Committee, the members will appoint an acting Chairman.

(d) Secretary

Unless the Committee otherwise specifies, the Secretary of the Corporation will act as Secretary of all meetings of the Committee.

(e) Meeting Agenda

Committee meeting agendas shall be set by the Chairman of the Committee in consultation with Committee members, management if appropriate, and the external auditors if appropriate.

(f) In Camera Meetings

The members of the Committee shall meet at regularly scheduled sessions with the external auditors, select members of management, and by themselves, without either or both of management and the external auditors present.

(g) Background Material for Meetings

Members of the Committee should be provided with an agenda and sufficient background material prepared in a clear and concise manner relating to a forthcoming meeting as will allow them to understand the items to be discussed at the meeting. The material should contain sufficient information; to the extent such information is reasonably available to management, to enable the Committee members to make an informed decision if one is required. The agenda with this material should be received by the Committee members far enough in advance of the meeting as will allow them sufficient time to review the materials.

(h) Minutes

Minutes of each meeting of the Committee will be prepared by the Secretary of the meeting and be provided to each member of the Committee for review and approval at a subsequent Committee meeting. After being approved, a copy of the minutes will be provided to each director of the Corporation for information purposes.

1.6 Limitations on Committee Members' Duties

Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. It is not the duty of the Committee to prepare financial statements, plan or conduct audits, act as auditors or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with Canadian generally accepted accounting principles and applicable laws. These are the responsibilities of management and the external auditors. The external auditors are accountable to the Board and the Committee, being the representatives of the shareholders of the Corporation.

With regard to financial risk management, the Committee's responsibility is one of oversight only. Management is responsible to ensure proper financial risk management policies are in place and being adhered to.

2. Composition of the Audit Committee

The audit committee is comprised of the following members; Mr. Elliott Jacobson, Mr. Victor d'Souza and Mr. James W.G. Turner, which are all independent and, each of the members of the audit committee is financially literate.

3. Audit Committee Oversight

All recommendations of the audit committee to nominate or compensate an external auditor have been adopted by the board of directors since the commencement of the Corporation's most recently completed financial year.

4. Reliance on Certain Exemptions

The Corporation has not relied on the exemption in s.2.4 (De Minims Non-audit Services) or an exemption from Multilateral Instrument 52-110, in whole or in part, granted under Part 8, at any time since the commencement of the Corporation's most recently completed financial year.

5. Pre-approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

6. External Auditor Service Fees (by category)

For the year ended August 31, 2012 and 2011, MNP LLP received fees from the Corporation as detailed below. In addition, for the years ended August 31, 2012 and 2011, MNP LLP and Leonard Goldberg LLP, received fees from the Corporation as detailed below:

	2012	2011
Audit Fees		
MNP LLP	\$ 8,500	\$ Nil
Audit-related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

7. Exemption

The Corporation is relying on the exemption in section 6.1 of Multilateral Instrument 52-110.

SCHEDULE C
RESOLUTION OF SHAREHOLDERS
OF
THE STREEWEAR CORPORATION
(the "Corporation")

Be it resolved as an ordinary resolution of the Corporation, that:

1. the Incentive Stock Option Plan, in the form attached as Schedule D to the Management Information Circular of the Corporation dated as of January 15th, 2013 be and is hereby approved and adopted with such modifications as may be required by the Exchange; and
2. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver, under seal or otherwise, all such documents and instruments and to do all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable to give effect to this resolution.

SCHEDULE D
STOCK OPTION PLAN
OF
THE STREETWEAR CORPORATION
(the "Corporation")

1. Purpose of the Plan

- 1.1 Principal Purposes** – The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

2. Defined Terms

- 2.1 Defined Terms** – Where used herein, the following terms shall have the following meanings:

- (a) "**Acceleration Right**" means the Participant's right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**Business Day**" means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) "**Common Shares**" means the Common Shares of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (e) "**Corporation**" means The Streetwear Corporation, and includes any successor corporation thereof;
- (f) "**Exchange**" means the either the Canadian National Stock Exchange ("**CNSX**") or TSX Venture Exchange ("**TSXV**") or, if the Common Shares are not then listed and posted for trading on either the CNSX or TSXV, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (g) "**Exercise Notice**" means the notice in writing signed by the Participant or the Participant's legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;
- (h) "**Expiry Time**" means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (i) "**Fair Market Value**" means, at any date in respect of the Common Shares, the closing price of the Common Shares as reported by the Exchange on the last trading day immediately preceding such date or, if the Common Shares are not listed on any stock exchange, a price determined by the Board;

- (j) "**Insider**" has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (k) "**Option**" means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;
- (l) "**Option Price**" means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (m) "**Participants**" means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;
- (n) "**Personal Holding Company**" means a company of which is wholly owned directly by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries;
- (o) "**Plan**" means this Stock Option Plan of the Corporation, as the same way be amended or varied from time to time;
- (p) "**Subsidiary**" means any corporation that is a subsidiary of the Corporation, as such term is defined under the Business Corporations Act (Ontario), as such provision is from time to time amended, varied or re-enacted; and
- (q) "**Take-Over Bid**" has the meaning ascribed thereto in the Securities Act (Ontario), as such provision is from time to time amended, varied or re-enacted.

3. Administration of the Plan

- 3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be granted; the number of Common Shares which shall be the subject of each Option; (b) any vesting provisions attaching to the Option; and (c) the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).
- 3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may be subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the "**Committee**"). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.
- 3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the "**Administrator**"), the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities

and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

4. Granting of Option

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non-diluted basis). Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

4.3 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.

4.4 Any grant of Options under the Plan shall be subject to the following restrictions:

(a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Common Shares, disinterested shareholder approval is obtained;

(b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;

(c) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements within 12 month period may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;

(d) the issuance of Common Shares to any one Consultant within any 12 month period may not exceed 2% of the Corporation's total issued and outstanding Common Shares at the date of grant; and

(e) the issuance of Common Shares to an Employee conducting Investor Relations Activities may not exceed, in the aggregate, 2% of the Corporation's total issued and outstanding Common Shares.

4.5 Provided that the Corporation is listed on the Toronto Stock Exchange (the "TSX") and is in compliance with applicable TSX requirements, the Board may grant Options which allow a Participant to elect to exercise its Option on a "cashless basis", whereby the Participant, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the Option and the aggregate exercise price of such Option is divided by (ii) the Fair Market Value of each Common Share.

- 4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.
- 4.7 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.
5. Option Price
- 5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Common Share on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.
- 5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if “disinterested” shareholder approval is obtained; provided that such “disinterested” shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.
6. Term of Option
- 6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.
- 6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.
- 6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.
- 6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.
7. Exercise of Option
- 7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Corporation’s principal office in Toronto, Ontario. The Exercise Notice shall state the intention of the Participant or the Participant’s legal personal representative to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant’s

undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

8. Adjustments in Shares

8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Corporation's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

9. Accelerated Vesting

9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any stock option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Corporation's shareholders receive a Take-Over Bid and the Corporation supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:

(a) the Expiry Time; and

(b) (i) in the event the Take-over Bid is unsuccessful, on the expiry date of the Takeover Bid; and (ii) in the event the Take-over Bid is successful, on the tenth (10th) day following the expiry date of the Take-over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

9.4 Provided that the Corporation is listed on Tier 1 of the Exchange, as well as subject to Exchange approval, and it is in compliance with applicable Exchange requirements, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the fair

market value of the securities to which the Participant would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

10. Decisions of the Board

10.1 All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

11. Ceasing to be a Director, Officer, Employee or Consultant

11.1 Subject to the terms of the applicable stock option agreements and subject to sections 11.2 and 11.5 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the date notice of termination of employment is given by the Corporation or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 Options granted to any Optionee while the Corporation is a Capital Pool Company (as defined in Exchange Policy 2.4) (a "CPC") that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer (being the Issuer that was formerly a CPC, which exists upon issuance of the Exchange Bulletin following closing of the Qualifying Transaction) (the "Resulting Issuer"), have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction (as defined in Exchange Policy 2.4) and 90 days after the Optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer. Any Common Shares acquired on exercise of Options prior to the Completion of the Qualifying Transaction (as defined in Exchange Policy 2.4) must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin (as defined in Exchange Policy 2.4) is issued.

11.3 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

11.4 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

11.5 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the

Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.6 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

12. Transferability

12.1 All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

13. Amendment or Discontinuance of Plan

13.1 The Board may amend or discontinue the Plan at any time without the consent of the Participants, provided that such amendment shall not alter or impair any Option previously granted under the Plan except as permitted herein, and provided that such amendment or discontinuance has been approved by the Exchange, and where necessary, by the shareholders.

14. Participants' Rights

14.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.

15. Approvals

15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

16. Government Regulation

16.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

(a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and

- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.
- 16.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.
- 17. Costs
 - 17.1 The Corporation shall pay all costs of administering the Plan.
- 18. Interpretation
 - 18.1 This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 19. Compliance with Applicable Law
 - 19.1 If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE E
RESOLUTION OF SHAREHOLDERS
OF
THE STREETWEAR CORPORATION
(the "Corporation")

Be it resolved as an ordinary resolution of the Corporation, that:

1. the number of directors of the Corporation be fixed at three (3), and that the board of directors of the Corporation be empowered to determine from time to time the number of directors of the Corporation, such determination to be made by resolution of the board of directors; and
2. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver, under seal or otherwise, all such documents and instruments and to do all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable to give effect to this resolution.

SCHEDULE F
RESOLUTION OF SHAREHOLDERS
OF
THE STREETWEAR CORPORATION
(the "Corporation")

Be it resolved as a special resolution that:

1. the changing of the name of the Corporation to "**ARC Corp.**", or such other name as deemed appropriate by the directors of the Corporation and is hereby authorized and approved should the directors wish to change the name of the Corporation; and
2. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver, under seal or otherwise, all such documents and instruments and to do all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable to give effect to this resolution.

SCHEDULE G
RESOLUTION OF SHAREHOLDERS
OF
THE STREETWEAR CORPORATION
(the "Corporation")

Be it resolved as an ordinary resolution of the Corporation, that:

1. the Corporation shall be authorized to list its common shares on either the Canadian National Stock Exchange or the TSX Venture Exchange (collectively the "**Exchange**");
2. any one or more directors and officers of the Corporation are hereby authorized on behalf of the Corporation to take all necessary steps and proceedings, to execute and deliver any and all declarations, agreements, documents and other instruments, and to do all such other acts and things that may be necessary or desirable to give effect to this resolution."

THE STREETWEAR CORPORATION
FINANCIAL STATEMENTS
JANUARY 31, 2012 AND 2011

THE STREETWEAR CORPORATION

FINANCIAL STATEMENTS

JANUARY 31, 2012 and 2011

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Management's Responsibility

To the Shareholders of The Streetwear Corporation (the "**Corporation**):

The accompanying financial statements of the Company are the responsibility of management.

The financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of statement of financial position. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Corporation 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 financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

August 3, 2012

 /s/ Saul Rajsky
Saul Rajsky
Director and Chief Executive Officer

 /s/ Martin Selvin
Martin Selvin
Director

Independent Auditors' Report

To the Directors of The Streetwear Corporation

We have audited the accompanying financial statements of The Streetwear Corporation which comprise the statement of financial position as January 31, 2012 and 2011, the statement of changes in equity and the statements of operations for the years ended January 31, 2012 and 2011, and the related notes including 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.

Auditors' 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 auditors' 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 Streetwear Corporation as at January 31, 2012 and 2011, the statement of changes in equity and the statements of operations and comprehensive income for the years ended January 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which indicates that the Company has no active business. In addition the Company has no funds on hand and has a working capital deficiency at January 31, 2012 of \$7,639. These conditions, along with other matters set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Markham, Ontario
August 3, 2012

Wasserman Ramsay
CHARTERED ACCOUNTANTS
Licensed Public Accountants

THE STREETWEAR CORPORATION
STATEMENT OF FINANCIAL POSITION
 (All Amounts are in Canadian Dollars)

As at January 31,

2012

2011

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$ 7,639	\$ 7,639
	<u>7,639</u>	<u>7,639</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 6)		
Issued and Outstanding - 26,509,905	990,988	990,988
ACCUMULATED DEFICIT	<u>(998,627)</u>	<u>(998,627)</u>
	<u>(7,639)</u>	<u>(7,639)</u>
	<u>\$ ---</u>	<u>\$ ---</u>

Nature of Organization (Note 1)
 Commitments (Note 8)
 Contingency (Note 9)

APPROVED ON BEHALF OF THE BOARD:

 /s/ "Saul Rajsky"
 Saul Rajsky, Director

 /s/ "Martin Selvin"
 Martin Selvin, Director

THE STREETWEAR CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Deficit	Shareholders' Equity
Balance, February 1, 2010	26,509,905	\$ 990,988	\$ (998,627)	\$ (7,639)
Balance, January 31, 2012 and 2011	<u>26,509,905</u>	<u>\$ 990,988</u>	<u>\$ (998,627)</u>	<u>\$ (7,639)</u>

THE STREETWEAR CORPORATION
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(All Amounts are in Canadian Dollars)

For the Year Ended January 31,	2012	2011
REVENUES	\$ ---	\$ ---
EXPENSES	---	---
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ ---</u>	<u>\$ ---</u>
NET INCOME PER COMMON SHARE - Basic and diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>
WEIGHTED AVERAGE COMMON SHARES - Basic and diluted	<u>26,509,905</u>	<u>26,509,905</u>

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

1. Nature of Organization

Description of the Business

The Streetwear Corporation (the “**Corporation**”) is incorporated under the laws of the Province of Ontario and is governed by the Business Corporation Act (Ontario). The Corporation’s principal offices are located at 27 West Beaver Creek, Unit 101, Markham, Ontario.

The Corporation was created by the amalgamation of The Streetwear Corporation and Conquest Capital Corp. continuing under the name of The Streetwear Corporation. The amalgamation was consummated on January 21, 1999.

These financial statements of the Corporation were authorized for issue in accordance with a resolution of the directors on August 3, 2012.

Going Concern

The accompanying financial statements have been prepared on the basis that the Corporation will continue as a going concern. Accordingly, they do not purport to give effect to adjustments, if any, that may be necessary should the Corporation be unable to continue its operations and therefore be required to realize its assets and discharge its liabilities and commitments in other than the ordinary course of business.

The Corporation currently has no business and will need to obtain new sources of funding to pursue its operations and notwithstanding it’s’ ability to raise funds in the past to discharge its financial obligations, there is no guarantee of success for the future.

The following table summarizes the Corporation’s working capital and deficit for the years ended January 31, 2012 and 2011:

	January 31, 2012	January 31, 2011
Working capital deficit	\$ 7,639	\$ 7,639
Deficit	998,627	998,627

The Corporation will require substantial additional funds to explore business opportunities and potentially acquire an existing business. The Corporation has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Corporation to carry out the completion of its planned activities. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of the Corporation’s search for a viable business opportunity. The terms of any additional financing obtained by the Corporation could result in substantial dilution to the shareholders of the Corporation.

Management plans to secure the necessary financing through the issue of new equity or debt instruments, the entering into joint venture arrangements or other financing alternatives. Nevertheless, there is no assurance that these initiatives will be successful. These circumstances lend significant doubt as the use of accounting principles applicable to a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

2. Basis of Preparation

Statement of Compliance

The financial statements for the periods from February 1, 2010 to January 31, 2012 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), as issued by the International Accounting Standards Board (“**IASB**”).

No Statement of Cash Flows has been presented as there has not been any activity for the period.

These financial statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Measurement

These financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention.

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 3.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency.

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies

Cash and Cash Equivalent

Cash consists of cash and cash equivalents with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

Externally Acquired Intangible Assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Deferred Financing Costs

Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to operations.

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of share capital are charged to capital stock upon the raising of share capital. Costs associated with the issuance of debt are amortized over the life of the debt.

Income Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Warrants

The Corporation measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued to agents in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus.

When the Company issues units under a private placement comprising common shares and warrants, it follows the fair value method of accounting for these warrants. Under this method, the fair value of warrants issued is estimated using a Black-Scholes option price model. The fair value is allocated to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus.

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which it operates. Monetary items are translated at the rate of exchange at the balance sheet dates, non-monetary items are translated at historical exchange rates and revenue and expenses are translated at the average exchange rate for the year. Amortization of non-monetary assets is translated at the same exchange rate as to the related asset. Foreign exchange gains and losses are included in income.

Current Income Tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination are made.

Earnings Per Share

Earnings per share is calculated using the weighted average number of shares outstanding during the period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation.

Financial Instruments

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Fair value through profit or loss

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not hold or issue derivative instruments for speculative purposes, nor for hedging purposes. Other than these derivative financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which 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 premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Liability components of convertible loan notes are measured as described further below.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The following is a summary of the accounting model the Corporation has elected to apply to each of its significant categories of financial instruments outstanding:

Accounts payable and accrued liabilities	Other financial liabilities
--	-----------------------------

The Corporation initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- (a) Fair values through profit and loss are measured at fair value at the balance sheet date with any gain or loss recognized immediately in earnings. Interest and dividends earned from held-for-trading are also included in income for the period.
- (b) Other financial liabilities are measured at amortized cost using the effective interest method.
- (c) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in earnings.

Other Financial Liabilities

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 recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities.

THE STREETWEAR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2012 and 2011
(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

Convertible Debentures

The proceeds received on issue of convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within the contributed surplus section of the shareholders' equity, net of income tax effects.

Transaction costs that relate to the issue of the convertible debt are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds. Transaction costs that relate jointly to more than one transaction are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense

Equity Instruments

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 Corporation are recorded at the proceeds received, net of direct issue costs.

Share-based Payments

Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to earnings on a straight line basis over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. Non-market 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 recognised 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 the market vesting conditions are satisfied. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received, together with the amount previously recorded in contributed surplus are added to capital stock.

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 income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

When options are exercised, the amount received, together with the amount previously recorded in contributed surplus are added to capital stock.

Impairment of non-financial assets (excluding inventories, investment properties and deferred taxes)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

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3. Summary of Significant Accounting Policies - continued

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (“**CGUs**”).

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique use to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

4. Summary of Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (“**IFRIC**”) that are mandatory for accounting periods beginning on or after January 1, 2011. The standards impacted that are applicable to the Corporation are as follows:

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4. Summary of Accounting Estimates and Assumptions - continued

i) IFRS 3 'Business Combinations (Revised) effective for annual periods beginning on or after July 1, 2009, have been enhanced to, amongst other matters, specify the accounting treatments for acquisition costs, contingent consideration, pre existing relationships and reacquired rights. The revised standard includes detailed guidance in respect to step acquisitions and partial disposals of subsidiaries and associates as well as in respect to allocation of income to non controlling interests. Further, an option has been added to IFRS 3 to permit an entity to recognize 100 per cent of the goodwill of an acquired entity, not just the acquiring entity's portion of the goodwill. The impact of this standard on the Corporation will be assessed when a business combination transaction occurs.

(ii) IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de recognition of financial instruments, impairment and hedge accounting. The Corporation is currently assessing the impact of this standard and does not plan on early adopting.

(iii) In May 2011, the IASB issued the following standards which have not yet been adopted by the Company IFRS 10, Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12") and IFRS 13, Fair Value Measurement ("IFRS 13"). Each of these new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its financial statements or whether to early adopt any of the new requirements.

(iv) IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC")-1212 Consolidation - Special Purpose Entities and parts of IAS 27 and Separate Financial Statements.

(v) IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operations. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Ventures.

(vi) IFRS 12 establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

(vii) IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under exiting IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

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4. Summary of Accounting Estimates and Assumptions - continued

(viii) Amendments to IAS 27 Consolidated and Separate Financial Statements: This Amendment affects in particular the treatment of non-wholly-owned subsidiaries. Transactions which increase or decrease the interest in a subsidiary without altering control will no longer give rise to changes in the carrying value of the subsidiary's assets or liabilities (including its associated goodwill) and will not give rise to a gain or loss. Any difference between the consideration paid or received and the adjustment to the carrying value of the non-controlling interest will be recognised directly in equity. In addition, total comprehensive income must now be attributed to owners of the parent and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance. Previously, unfunded losses in such subsidiaries would be attributed entirely to the group. The Amendment does not require the restatement of previous transactions and has had no effect on the current financial year.

5. Supplemental Cash Flow Information

January 31,	2012	2011
Interest received	\$ ---	\$ ---
Interest paid	---	---
Income taxes paid	---	---

6. Capital Stock

The Corporation is authorized to issue an unlimited number of common shares and unlimited preferred shares.

Earnings (Loss) Per Share

Net income per share and weighted average common shares outstanding are calculated as follows:

January 31,	2012	2011
Net income (loss) available to common shareholders	\$ ---	\$ ---
Weighted average shares outstanding - basic	26,509,905	26,509,905
Unexercised weighted average dilutive stock options and warrants	---	---
Weighted average shares outstanding – basic and diluted	<u>26,509,905</u>	<u>26,509,905</u>

7. Income Taxes

Deferred tax assets have not been recognized because at this stage of the Corporation's development, it is not determinable that future taxable profit will be available against which the Corporation can utilize such deferred income tax asset.

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8. Commitment

The Corporation has not entered in to any contracts that require a minimum payment.

9. Contingencies

From time to time, the Corporation may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Corporation. As of January 31, 2012 and 2011, no material claims were outstanding.

10. Capital Management and Liquidity

The Corporation manages its cash, common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy, in general, is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations

The following table presents the contractual maturities of the Corporation's financial liabilities as at January 31, 2012:

	Total	Payments by Periods			
		< 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Accounts payable and accrued liabilities	\$ 7,639	\$ 7,639	\$ ---	\$ ---	\$ ---

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11. Financial Instruments

The Corporation's operations expose the Corporation to market risk, credit risk, and liquidity risk. The Corporation manages its exposure to these risks by operating in a manner that minimizes these risks. Senior management employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has established policies in setting risk limits and controls and monitors these risks in relation to market conditions.

Fair Value of Non-Derivative Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk. The carrying value and fair value of financial instruments being of equal value are as follows:

	2012	2011
Financial assets		
Cash and cash equivalents	\$ ---	\$ ---
Financial liabilities		
Accounts payable and accrued liabilities	7,639	7,639

(b) Fair Value Hierarchy

The Corporation values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

The following table outlines financial assets and liabilities measured at fair value in the financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ ---	\$ ---	\$ ---	\$ ---
Total Assets	\$ ---	\$ ---	\$ ---	\$ ---
Liabilities				
Accounts payable and accrued liabilities	\$ 7,639	\$ ---	\$ ---	\$ ---
Total liabilities	\$ 7,639	\$ ---	\$ ---	\$ ---

Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Corporation.

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11. Financial Instruments - continued

(c) Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, commodity prices, and interest rates will affect the Corporation's net income or the value of financial instruments. These risks are generally outside the control of the Corporation. The objectives of the Corporation are to mitigate market risk exposure within acceptable limits, while maximizing returns.

Foreign Exchange Risk

The Corporation is not exposed to foreign currency fluctuations as the Corporation holds Canadian dollars, and these financial statements are presented in Canadian dollars.

Commodity Risk

The nature of the Corporation's operations results in exposure to fluctuations in commodity prices. Management continuously monitors commodity prices of potash. As at January 31, 2012, the Corporation did not have any significant exposure to derivative financial instrument agreements or fixed physical contracts. The Corporation is particularly exposed to the risk of movements in the price of potash. Declining market prices for potash could have a material effect on the Corporation's future profitability and ability to raise capital if and when required, and the Corporation's current policy is not to materially hedge its exposure to potash in accordance with shareholders' preference.

(e) Credit Risk

Credit risk related to accounts receivable arises from the possibility that debtors may be unable to fulfill their commitments. The Corporation mitigates this risk by regularly monitoring the financial health and aging of any amounts due from its debtors.

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation may prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

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12. Capital Risk Management

In order to maximize ongoing efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

13. Financial Instruments and Risk Management

Risk Management

In the normal course of business, the Corporation is exposed to financial risk that arises from its indebtedness, including fluctuations in interest rates and in the credit quality of its customers. Management's involvement in operations helps identify risks and variations from expectations.

The Corporation does not manage risk through the use of hedging transactions. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages the risks, as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

Obtaining long-term debt with fixed interest rates minimizes interest rate cash flow risk.

The Corporation does not trade in financial instruments and is not exposed to and significant interest rate price risk.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses.

As of the date of these financial statements the Corporation does not believe it is exposed to any significant credit risk.

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13. Financial Instruments and Risk Management - continued

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. At January 31, 2012 and 2011 the Corporation did not have any foreign denominated currencies.

Other Price Risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

Fair Values

Financial instruments include accounts payable and accruals. The carrying values of this financial instruments approximate fair value due to the short term nature of financial instrument.