THE STREETWEAR CORPORATION

FINANCIAL STATEMENTS

JANUARY 31, 2013 AND 2012

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JANUARY 31, 2013 and 2012

CONTENTS

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.

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.

May 14, 2013

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

/s/ *Martin Selvin*
Martin Selvin
Director

Wasserman
Ramsay
Chartered Accountants

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Independent Auditors' Report

To the Shareholders 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, 2013 and 2012, the statement of changes in equity and the statements of operations and comprehensive income for the years then ended 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, 2013 and 2012, the statement of changes in equity and the statements of operations and comprehensive income for the years then ended 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, 2013 of $7,639 and a deficit of $998,627. 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.

Wasserman Ramsay

Markham, Ontario
May 14, 2013

CHARTERED ACCOUNTANTS
Licensed Public Accountants

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

As at January 31,	2013	2012
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities	$ 7,639	$ 7,639
	7,639	7,639
S H A R E H O L D E R S' E Q U I T Y		
CAPITAL STOCK (Note 6)		
Issued and Outstanding - 26,509,905	990,988	990,988
ACCUMULATED DEFICIT	(998,627)	(998,627)
	(7,639)	(7,639)
	$ - - -	$ - - -

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 STATEMENTS OF CHANGES IN EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Deficit	Shareholders' Equity
Balance, February 1, 2011	26,509,905	$ 990,988	$ (998,627)	$ (7,639)
Balance, January 31, 2013 and 2012	26,509,905	$ 990,988	$ (998,627)	$ (7,639)

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

For the Year Ended January 31,	2013	2012
REVENUES	$ - - -	$ - - -
EXPENSES	- - -	- - -
NET INCOME AND COMPREHENSIVE INCOME	$ - - -	$ - - -
NET INCOME PER COMMON SHARE - Basic and diluted	$ 0.00	$ 0.00
WEIGHTED AVERAGE COMMON SHARES - Basic and diluted	26,509,905	26,509,905

(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 May 14, 2013.

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, 2013 and 2012:

	January 31, 2013	January 31, 2012
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.

2. Basis of Preparation

Statement of Compliance
The financial statements for the periods from February 1, 2011 to January 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") effective as of January 31, 2013.

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 4.

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

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.

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.

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:

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.

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.

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 and Recent Pronouncements

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 February 1, 2013. The standards impacted that are applicable to the Corporation are as follows:

4. Summary of Accounting Estimates and Assumptions - continued

(i) IFRS 9, Financial instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

(2) IFRS 10, Consolidated financial statements, 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 SIC-12, Consolidation – Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

(3) IFRS 11, Joint arrangements, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. 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 operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures.

(4) IFRS 12, Disclosure of interests in other entities, establishes disclosure requirements for interests 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 interests in other entities.

(5) IFRS 13, Fair value measurement, is a comprehensive standard for fair value measurement and disclosure requirements 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 existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(6) International Accounting Standard 27, Separate Financial Statements ("IAS 27"), replaces IAS 27, Consolidated and Separate Financial Statements and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9.

(7) International Accounting Standard 28, Investments in Associates and Joint Ventures ("IAS 28"), has been amended as a consequence of the issuance of IFRS 10, IFRS 11, and IFRS 12, and will further provide accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee.

(8) IFRS Interpretations Committee Interpretation 20, Stripping costs in the production phase of a surface mine ("IFRIC 20"), sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity.

(All Amounts are in Canadian Dollars)

4. Summary of Accounting Estimates and Assumptions - continued

(9) International Accounting Standard 1, Presentation of Financial Statements ("IAS 1"), requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

(10) International Accounting Standard 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) ("IAS 32"), clarifies the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) outlines new disclosure requirements that enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

The Corporation does not anticipate that any of the above shall have a material impact on the Corporation's financial position.

5. Supplemental Cash Flow Information

January 31,	2013	2012
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,	2013	2012
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	26,509,905	26,509,905

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.

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, 2013 and 2012, 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, 2013:

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

11. Financial Instruments and risk management

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:

	2013	2012
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.

11. Financial Instruments and risk management - continued

(c) 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.

As the Company currently has no cash balances and no operating business liquidity risk is considered high.

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. 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.

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.

11. 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, 2013 and 2012 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.

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, 2013, the Corporation did not have any exposure to derivative financial instrument agreements or fixed physical contracts.