THE STREETWEAR CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

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

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

These 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 the statement of financial position. In the opinion of management, these 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 27, 2014

/s/ *Peter Lukesch*
Peter Lukesch
Director, Chief Executive Officer

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

As at	June 30, 2014	December 31, 2013
A S S E T S		
CURRENT		
Cash	$ 18,953	$ 108,979
Sundry receivables	15,296	8,376
Related party receivable (Note 13)	156,157	152,657
Prepaid expenses and deposits	14,000	7,150
	204,406	277,162
EVALUATION AND EXPLORATION PROPERTIES (Note 5)	82,042	82,042
RESTRICTED CASH (Note 6)	- - -	- - -
	$ 286,448	$ 359,204
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities	$ 40,815	$ 35,109
Notes payables (Note 6 & 7)	59,237	87,728
	100,052	122,837
S H A R E H O L D E R S' EQUITY (DEFICIENCY)		
CAPITAL STOCK (Note 8)		
Issued and Outstanding (2014 & 2013 - 68,984,244)	896,878	896,878
CONTRIBUTED SURPLUS (Note 9)	125,549	125,549
ACCUMULATED DEFICIT	(836,031)	(786,060)
	186,396	236,367
	$ 286,448	$ 359,204

Nature of Organization (Note 1)
Commitments (Note 14)
Contingency (Note 15)

APPROVED ON BEHALF OF THE BOARD:

/s/ "*Peter Lukesch*"
Peter Lukesch, Director

/s/ "*Franz Kozich*"
Franz Kozich, Director

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

	Number of Common Shares	Amount of Common Shares	Contributed Surplus (Note 9)	Deficit	Shareholders' Equity
Balance, January 1, 2013	24,849,351	$ 54,709	$ 85,326	$ (148,328)	$ (8,293)
Common share issuance for cash	4,437,222	74,532	27,329	- - -	101,861
Net loss for the period	- - -	- - -	- - -	(14,797)	(14,797)
Balance, June 30, 2013	29,286,573	$ 129,241	$ 112,655	$ (163,125)	$ 84,934
Balance, January 1, 2014	68,984,244	$ 896,878	$ 125,549	$ (786,070)	$ 236,367
Net loss for the period	- - -	- - -	- - -	(49,971)	(49,971)
Balance, June 30, 2014	68,984,244	$ 896,878	$ 125,549	$ (836,031)	$ 186,396

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

For the Period from to June 30,	April 1, 2014	April 1, 2013	January 1 2014	January 1 2013
REVENUES	$ - - -	$ - - -	$ - - -	$ - - -
EXPENSES				
Administrative (Note 11)	9,831	1,520	12,491	7,791
Business development expense (Note 12)	- - -	- - -	1,980	3,006
Professional fees	35,500	4,000	35,500	4,000
	49,971	5,520	49,971	14,797
NET LOSS AND COMPREHENSIVE LOSS	$ (49,971)	$ (5,520)	$ (49,971)	$ (14,797)
NET INCOME PER COMMON SHARE - Basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
WEIGHTED AVERAGE COMMON SHARES - Basic and diluted	68,984,244	31,098,992	68,984,244	29,545,585

THE STREETWEAR CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the Period from to June 30,	April 1, 2014	April 1, 2013	January 1 2014	January 1 2013
Net income (loss) for the year	$ (38,831)	$ (5,520)	$ (49,971)	$ (14,797)
Change in non-cash working capital items:				
Sundry receivables	(6,546)	- - -	(6,920	(3,558)
Prepaid expenses and deposits	4,800	4,242	(6,850)	- - -
Accounts payable and accrued liabilities	(4,101)	1,762	5,706	2,652
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(44,678)	484	(58,035)	(15,702)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase) decrease in restricted cash	- - -	- - -	- - -	21,861
Related party	(3,500)	(102,657	(3,500)	(152,657)
Issuance (decrease) of notes payables	- - -	75,228	(28,491)	53,367
Issuance of share capital (net of costs)	- - -	6,163	- - -	108,024
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	(3,500)	(21,265)	(31,991)	30,596
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in exploration and evaluation assets	- - -	(6,384)	- - -	(11,384)
CASH FLOWS USED IN INVESTING ACTIVITIES	- - -	(6,384)	- - -	(11,384)
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(48,178)	(27,165)	(90,026)	3,510
CASH AND CASH EQUIVALENTS				
Beginning of the year	67,131	33,796	108,979	3,121
End of the year	$ 18,953	$ 6,631	$ 18,953	$ 6,631
SUPPLEMENTAL INFORMATION				
Interest received	$ —	$ —	$ —	$ —
Interest paid	—	—	—	—
Income taxes paid	—	—	—	—

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 133 Richmond Street West, Suite 403, Toronto, 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. Effective December 30, 2013, the Corporation completed a transaction with ARC Exploration Inc. ("**ARC**"), an entity incorporated under the Business Corporations Act (Ontario). This transaction was accounted for as a reverse takeover as the control of the Corporation was acquired by the former shareholders of ARC. After this transaction, the Corporation's name will be changed to ARC Corporation from The Streetwear Corporation. Therefore, these consolidated financial statements include the accounts of the Corporation and its subsidiary, ARC Exploration Inc. Although legally, The Streetwear Corporation is regarded as the parent or continuing company, ARC, whose shareholders now hold more than 50% of the voting shares of the Corporation, is treated as the acquirer under International Financial Reporting Standards ("**IFRS**"). Consequently, The Streetwear Corporation is deemed a continuation of ARC and control of the assets and business of The Streetwear Corporation is deemed to have been acquired in consideration for the issuance of the shares.

The business of the Corporation is that of an exploration company with mineral evaluation and exploration property in Canada.

These condensed interim consolidated financial statements of the Corporation were authorized for issue in accordance with a resolution of the directors on May 28, 2014.

Basis of Operations and Going Concern

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at June 30, 2014 the Corporation had no sources of operating cash flows. The Corporation will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Corporation had a working capital of $104,354 as at June 30, 2014, and has incurred losses since inception, resulting in an accumulated deficit of $836,031 as at June 30, 2014. The Corporation's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Corporation will be successful in this regard, and therefore, there is doubt regarding the Corporation's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" assumption were not appropriate for these financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

As an exploration company, funding to meet its exploration budget as well as working capital is dependent on the Corporation's ability to issue common shares or borrow funds. While the Corporation currently has sufficient funds on hand to meet its current budget for the foreseeable future, there is no certainty that the Corporation will be able to raise sufficient funds beyond this period.

The business of exploration involves a high degree of risk and capital commitment and there can be no assurance that current exploration programs will result in eventual profitable commercial mining operations. The Corporation has no source of revenue, and has significant cash requirements to meet its exploration costs and administrative

overhead. Therefore, the Corporation will have to rely on its ability to raise additional funds by way of share issuances from its treasury and short term advances of capital from its directors and officers.

2. Summary of Significant Accounting Policies

Statement of Compliance
These unaudited condensed interim consolidated financial statements have been prepared by management in accordance International Accounting Standards ("**IAS**") 34 - Interim Financial Reporting under IFRS as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These financial statements have not been reviewed by the Corporation's external auditors.

These unaudited condensed interim consolidated financial statements of the Corporation were authorized for issue in accordance with a resolution of the Board of Directors on August 28, 2014.

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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of Measurement
These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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 Corporation's functional currency.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

Transactional Costs
The costs incurred relating to transactional costs are expensed as incurred.

2. Summary of Significant Accounting Policies - continued

*Exploration and Evaluation ("**E&E**") assets*
The Corporation capitalizes all costs related to investments in E&E assets on a property-by-property basis in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries, and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statements of operations and comprehensive loss to the extent that they are not expected to be recovered. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. . Costs incurred prior to the Company obtaining legal rights to explore an area are expensed as incurred as required under the provisions of IFRS 6.

Once an economically-viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project, net of any impairment provisions, are written off.

From time to time the Corporation may acquire or dispose of an exploration property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration property costs and recoveries when the payments are made or received.

Environmental Rehabilitation
An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest and can be the result of a legal or constructive obligation. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

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 statements of operations and comprehensive loss.

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

2. Summary of Significant Accounting Policies - continued

Income Taxes
Income tax expense comprises current and deferred tax. Income tax is recognized in the statements of operations and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Income Tax
Current tax 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 tax laws that were 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 tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences; and
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise upon initial recognition of goodwill or arise on initial recognition of assets and liabilities acquired other than in a business combination where at the time of transaction effects neither accounting profit or taxable income (tax loss).

Earnings (Loss) Per Share
Earnings (loss) per share is calculated by dividing the net loss applicable to common shares by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net loss applicable to common shares by the diluted weighted average number of shares 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.

Non-derivative Financial Instruments
Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has substantially transferred all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

2. Summary of Significant Accounting Policies - continued

Financial assets are classified into the following categories: financial assets ‘at fair value through profit or loss’ (“**FVTPL**”), ‘held-to-maturity investments‘, ‘available-for-sale‘ financial assets and ‘loans and receivables‘. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value Through Profit or Loss
A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

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.

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.

2. Summary of Significant Accounting Policies - continued

The following is a summary of significant categories of financial instruments outstanding at June 30, 2014:

Cash and cash equivalents	Fair value through profit and loss
Sundry receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Notes payables	Other financial liabilities

Carrying value and fair value of financial assets and liabilities are summarized as follows:

Classification	Carrying Value	Fair value
Fair value through profit and loss	$ 18,953	$ 18,953
Loans and receivables	15,296	15,296
Other financial liabilities	100,052	100,052

Fair Value Hierarchy
The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. 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).

As of June 30, 2014 and December 31, 2013 cash and cash equivalents are measured at fair value and are classified within Level 1 of the fair value hierarchy.

Impairment of non-financial assets
The Corporation's assets are reviewed for indications of impairment at each statement of financial position's date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

2. Summary of Significant Accounting Policies - continued

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 over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. 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. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option pricing model.

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.

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 in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus general account.

Recent Accounting Pronouncements
Unless otherwise noted, the following new and revised standards and amendments are effective for the annual periods beginning on or after January 1, 2014. Management is evaluating the impact the adoption of these standards and amendments will have on the financial position of the Corporation.

IFRS 9 - Financial Instruments
IFRS 9, “Financial Instruments” (“**IFRS 9**”) was issued by the IASB in November 2009 and will replace IAS 39, “Financial Instruments: recognition and Measurement” (“**IAS 39**”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial assets is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having two categories: amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and contractual cash flow characteristics of the financial assets.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value change due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015.

3. Summary of Accounting Estimates and Assumptions

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

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

Share-Based Payment Transactions
The Corporation measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 10.

Income Taxes
Provisions for income taxes are made using the best estimate of the amount that is 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 determinations are made.

4. Reverse Take-Over of the Corporation

As a result of the acquisition of ARC by the Corporation in December 2013, the former shareholders of ARC own 61.57% of the outstanding shares of the Corporation. In accordance with IFRS 3, the substance of this transaction is a reverse take-over of a non-operating company. This transaction does not constitute a business combination, as The Streetwear Corporation, prior to the reverse take-over, did not meet the definition of a business.

Accordingly, the take-over of The Streetwear Corporation is accounted for under IFRS 2 at the fair value of the equity instruments of the Company granted to the shareholders of ARC. The difference between the net assets acquired and the fair value of the consideration granted has been classified as a share listing and transaction cost expense on the consolidated statement of income (loss) and comprehensive income (loss).

The fair value of the consideration is determined based on the percentage of ownership of The Streetwear Corporation have in the combined entity after the reverse take-over. This represents the fair value of the shares the ARC would have issued for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of ARC acquiring 100% of the shares of the Corporation.

4. Reverse Take Over of the Corporation - continued

Based on the statements of financial position of The Streetwear Corporation at the time of the reverse take-over, the net assets at estimated fair value that were acquired by ARC were $Nil and the resulting share listing and transaction cost expense charged to the consolidated statement of income (loss) and comprehensive income (loss) is as follows:

Consideration		
Deemed issue of ARC shares	$	530,198
Identifiable assets acquired	$	Nil
Deemed share listing expense	$	530,198

5. Evaluation and Exploration Assets

On October 1, 2011, the Corporation entered into an Earn-in Option Agreement with Richmond Minerals Inc. (“**Richmond**” or the “**Vendor**”) for the Lac Colombet Property (the "**Property**"). The Agreement will permit the Corporation to earn a 100% interest in the Property as described, upon the payment of $10,000 and the issuance of 1,000,000 common shares of the Corporation to the Vendors, as well as the expenditure of a minimum of $250,000 in exploration costs prior to the second anniversary of the closing.

On January 15, 2013, a new agreement that would supersede the previous one was entered in to by Richmond and the Corporation that required total payments to be $15,000, inclusive of the $10,000 previously paid, and the issuance of 2,000,000 common shares of the Corporation at a deemed value of $0.02 per common share. The Corporation paid the additional $5,000 in March 2013 and issued the common shares in October 2013.

		Lac Colombet Property
Cash payments	$	15,000
Issuance of common shares		40,000
Acquisition costs		27,042
	$	82,042

6. Restricted Cash

Restricted cash, which was advanced to ARC by investors, has been deposited in trust with Norton Rose Fulbright LLP. The use of these funds were restricted until the completion of a transaction that would provide these investors with securities of a reporting issuer in good standing. The units are to be issued to the investor when funds are released from this trust account and made available to the Corporation at a deemed price of $0.05 per unit with each unit being comprised of one common share and one share purchase warrant where each share purchase warrant is to provide the holder with the right to purchase one common share at a price of $0.10 prior to December 31, 2015.

As at March 31, 2013, there were no restricted funds remaining in this trust account as the transaction closed on December 30, 2013 at which time all the remaining funds were remitted to the Corporation. During the year ended December 31, 2013, $108,212 was released from this trust account and the Corporation issued 3,087,147 units. As at December 31, 2012 there was $108,212 restricted funds held in the trust account. During the year ended December 31, 2012, $41,128 was released from this trust account and the Corporation issued 822,561 units.

Prior to issuing the units, the Corporation recorded these restricted funds as a liability included within the Notes Payable on the balance sheet.

7. Notes Payable

The notes payable are comprised of the cash advanced by third parties that are due on demand and as non-interest bearing loans.

As at March 31, 2014, there were $59,237 (December 31, 2013 - $87,728) in notes payable.

8. Capital Stock

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

9. Contributed Surplus

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, January 1, 2013	$ ---	$ ---	$ 85,326	$ 85,326
Issuance of warrants	---	---	40,223	40,223
Balance, December 31, 2013 and June 30, 2014	$ ---	$ ---	$ 125,549	$ 125,549

10. Warrants

The fair value of the warrants was based on the Black Scholes option-pricing model. The following assumptions were used to value them:

	Fiscal 2013
Number of warrants	7,897,509
Exercise price	$ 0.10
Average Expected life	2.60 years
Weighted average risk-free interest rate	1.72%
Weighted average expected volatility	100%
Dividend yield	0.0%
Forfeiture rate	0.0%
Average Fair value	$0.007

The warrants activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, January 1, 2013	6,686,581	$ 0.10
Issued	7,897,509	0.10
Exercised	---	N/A
Expired	---	N/A
Forfeited	---	N/A
Balance, December 31, 2013 and June 30, 2014	14,584,090	$ 0.10

The warrants that are issued and outstanding as at june 30, 2014 are as follows:

Number of Warrants	Type	Issuance Date	Expiry Date
3,195,385	Warrant	April 2011	December 31, 2015
200,000	Warrant	May 2011	December 31, 2015
500,000	Warrant	September 2011	December 31, 2015
376,594	Warrant	December 2011	December 31, 2015
1,892,041	Warrant	January 2012	December 31, 2015
100,000	Warrant	August 2012	December 31, 2015
400,000	Warrant	October 2012	December 31, 2015
22,561	Warrant	November 2012	December 31, 2015
437,222	Warrants	January 2013	December 31, 2015
4,000,000	Warrants	February 2013	December 31, 2015
62,500	Warrants	June 2013	December 31, 2015
410,635	Warrants	July 2013	December 31, 2015
337,227	Warrants	October 2013	December 31, 2015
2,649,925	Warrants	December 2013	December 31, 2015

11. General and Administrative Expenses

From	April 1		January 1	
To June 30,	2014	2013	2014	2013
Bank charges	$ 72	$ 15	$ 172	$ 25
General	- - -	- - -	- - -	- - -
Management fees	- - -	- - -	- - -	- - -
Regulatory and filing fees	9,759	1,505	12,319	6,246
	$ 9,831	$ 1,520	$ 12,491	$ 7,791

12. Business Development Expenses

From	April 1		January 1	
To June 30,	2014	2013	2014	2013
Shareholder communications	$ - - -	$ - - -	$ - - -	$ 3,006
Meals & entertainment	- - -	- - -	880	- - -
Travel	- - -	- - -	1,100	- - -
	$ - - -	$ - - -	$ 1,980	$ 3,006

13. Related Party Transactions

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Corporation. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

As at June 30, 2014, the Corporation had a receivable from entities with common directors of $156,157 (December 31, 2013 - $152,657).

These transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Commitment

The Corporation has not entered in to any contract that requires a minimum payment.

15. 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 June 30, 2014, no material claims were outstanding.

16. 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:
The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital is 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

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.

17. Financial Instruments and Risk Management - continued

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.
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Credit Risk
Credit risk related to accounts receivable 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. The Corporation mitigates this risk by regularly monitoring the financial health and aging of any amounts due from its debtors.
As of the date of these financial statements the Corporation's only debtors are the government of Canada for the harmonized goods and services ("**HST**") receivable and therefore the Corporation does not believe it is currently exposed to any significant credit risk and related party balances.

Commodity Risk
The nature of the Corporation's operations results in exposure to fluctuations in commodity prices. As at March 31, 2014, 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 base metals. Declining market prices for base metals 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 base metals in order to provide a more direct exposure for shareholders.

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 June 30, 2014, 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 cash, sundry receivable, and accounts payable and accruals. The carrying values of these financial instruments approximate fair value due to the short term nature of financial instruments.

17. 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 nature of the industry in which the Corporation operates is very capital intensive. As a result, the Corporation prepares annual capital expenditure budgets and utilizes authorizations for expenditures for projects to manage capital expenditures.

The Corporation's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and through its revolving advances facility. Revenue, available cash balances, draws on the revolving advances credit facility and financing of indebtedness are the Corporation's principal sources of capital used to pay operating expenses and recurring capital and leasing costs in its business.

The principal liquidity needs for periods beyond the next twelve months are for non-recurring capital expenditures, development costs and potential mining expansion. The Corporation's strategy is to meet these needs with one or more of the following:

- cash flows from operations;
- common share and warrants offering;
- proceeds from sales of assets; and
- revolving advances facility.

The following table presents the contractual maturities of the Corporation's financial liabilities as at March 31, 2014:

		Payments by Periods			
	Total	< 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 40,815	$ 40,815	$ - - -	$ - - -	$ - - -
Notes payable	59,237	59,237	- - -	- - -	- - -

18. 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:

	June 30, 2014	December 31, 2013
Financial assets		
Cash and cash equivalents	$ 18,953	$ 108,979
Sundry receivable	15,296	8,376
Related party receivables	156,157	152,657
Financial liabilities		
Accounts payable and accrued liabilities	40,815	35,109
Notes payable	59,237	87,728

(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 consolidated 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	$ 18,953	$ - - -	$ - - -	$ 18,953
Sundry receivables	- - -	15,296	- - -	15,296
Related party receivable	- - -	156,157	- - -	156,157
Total Assets	$ 18,953	$ 171,453	$ - - -	$ 190,406

19. Financial Instruments - continued

	Level 1	Level 2	Level 3	Total
Liabilities				
Accounts payable and accrued liabilities	$ 40,815	$ - - -	$ - - -	$ 40,815
Notes payable	- - -	59,237	- - -	59,237
Total liabilities	$ 40,815	$ 59,237	$ - - -	$ 100,052

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. .