

DEBUT DIAMONDS INC.

Condensed Interim Financial Statements

Unaudited

July 31, 2013

DEBUT DIAMONDS INC.

NOTICE TO READERS OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS:

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

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that its independent auditor has not performed a review of these unaudited interim financial statements.

FRANK C. SMEENK, CHIEF EXECUTIVE OFFICER

THOMAS E. MASTERS, CHIEF FINANCIAL OFFICER

DEBUT DIAMONDS INC.

Condensed Interim Balance Sheets (Expressed in Canadian dollars)

	Notes	As at July 31, 2013 Unaudited	As at April 30, 2013 Audited
Assets			
Current			
Cash and cash equivalents	6	\$ 3,734	\$ 8,806
Marketable securities	7	757,280	915,315
Accounts receivable		147,830	148,853
Prepaid expenses		11,168	16,212
Total current assets		\$ 920,012	\$ 1,089,186
Total assets		\$ 920,012	\$ 1,089,186
Liabilities and Equity			
Current Liabilities			
Trade and other payables	9	\$ 208,610	\$ 198,847
Due to related party	10	1,310,151	1,298,653
Total current liabilities		\$ 1,518,761	\$ 1,497,500
Equity			
Share capital	11	\$ 13,900,748	\$ 13,900,748
Warrants	12	500,838	500,838
Contributed surplus		2,783,329	2,783,329
Deficit		\$ (17,249,349)	(17,111,949)
Accumulated other comprehensive loss		(534,315)	(481,280)
Total equity		\$ (598,749)	\$ (408,314)
Total liabilities and equity		\$ 920,012	\$ 1,089,186
Nature of operations and going concern	1		
Commitments and contingencies	16		

APPROVED ON BEHALF OF THE BOARD

"Frank C. Smeenk", Director

"Douglas Flett", Director

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.

Condensed Interim Statements of Operations

Unaudited (Expressed in Canadian dollars)

For the three months ended July 31,

	Notes	2013	2012
Expenses			
Exploration expenses	14	\$ 251	\$ (228,361)
General and administrative	15	(32,651)	(139,690)
		\$ (32,400)	\$ (368,051)
Other income (expenses)			
Finance income	9	\$ -	\$ 9,160
Interest and other income		-	6,560
Loss on fair value of warrants	7	(105,000)	(21,000)
		\$ (105,000)	\$ (5,280)
Net loss for the period		\$ (137,400)	\$ (373,331)
Net loss per share - basic and diluted		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		54,790,934	50,914,847

Condensed Interim Statements of Comprehensive Loss

Unaudited (Expressed in Canadian dollars)

For the three months ended July 31,

	Notes	2013	2012
Net loss for the period		\$ (137,400)	\$ (373,331)
Other comprehensive loss			
Net change in fair value of available for sale assets	7	(53,035)	(3,000)
Total comprehensive loss for the period		\$ (190,435)	\$ (376,331)

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.

Condensed Interim Statements of Changes in Equity Unaudited (Expressed in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance April 30, 2012	\$ 11,962,233	\$ 2,344,396	\$ 2,190,766	\$ (12,541,297)	\$ (492,500)	\$ 3,463,598
Issued for exploration and evaluation properties	134,000	-	-	-	-	134,000
Warrant repricing adjustment	1,689,515	(1,689,515)	-	-	-	-
Net change in fair value of available for sale assets	-	-	-	-	(3,000)	(3,000)
Net loss for the three months ended July 31, 2012	-	-	-	(373,331)	-	(373,331)
Balance July 31, 2012	\$ 13,785,748	\$ 654,881	\$ 2,190,766	\$ (12,914,628)	\$ (495,500)	\$ 3,221,267
Issued for exploration and evaluation properties	108,000	-	-	-	-	108,000
Options Granted	-	-	437,320	-	-	437,320
Issued for private placements	7,000	1,200	-	-	-	8,200
Warrants expired	-	(155,243)	155,243	-	-	-
Net change in fair value of available for sale assets	-	-	-	-	14,220	14,220
Net loss for the nine months ended April 30, 2013	-	-	-	(4,197,321)	-	(4,197,321)
Balance April 30, 2013	\$ 13,900,748	\$ 500,838	\$ 2,783,329	\$ (17,111,949)	\$ (481,280)	\$ (408,314)
Net change in fair value of available for sale assets	-	-	-	-	(53,035)	(53,035)
Net loss for the three months ended April 30, 2013	-	-	-	(137,400)	-	(137,400)
Balance July 31, 2013	\$ 13,900,748	\$ 500,838	\$ 2,783,329	\$ (17,249,349)	\$ (534,315)	\$ (598,749)

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.

Condensed Interim Statements of Cash Flows

Unaudited (Expressed in Canadian dollars)

For the three months ended July 31,

2013

2012

Cash Flows From

Operating activities

Net loss for the period	\$	(137,400)	\$	(373,331)
Adjustments for				
Finance income		-		(9,160)
Loss on value of warrants		105,000		21,000
Exploration expenses paid for with common shares		-		134,000
Decrease in accounts receivable		1,005		83,942
Decrease in prepaid expenses		5,044		4,000
Increase (decrease) in trade and other payables		9,784		(57,355)

\$ (16,567) \$ (196,904)

Financing activities

Increase in due to related party	\$	11,495	\$	110,994
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Decrease in cash and cash equivalents during the period \$ (5,072) \$ (85,910)

Cash and cash equivalents at beginning of the period 8,806 2,216,628

Cash and cash equivalents at end of the period \$ 3,734 \$ 2,130,718

Supplemental Information:

Shares issued for exploration and evaluation properties		-		134,000
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See accompanying notes to the financial statements

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1 NATURE OF OPERATIONS AND GOING CONCERN

Debut Diamonds Inc. (the "Company" or "Debut") was incorporated under the laws of Ontario on October 17, 2007. The Company is primarily engaged in the exploration and development of diamond mineral resource properties in Canada. The Company was a majority-owned subsidiary of KWG Resources Inc. ("KWG") until December, 2011, when KWG distributed all of its shares of Debut to its shareholders. The head office of the Company is located at 141 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 3L5. On December 13, 2011 the Company's shares became listed on the Canadian National Stock Exchange under the symbol "DDI".

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, and do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classifications that would be necessary were the going concern assumption deemed inappropriate. Such adjustments could be material.

The Company is in the process of exploring its exploration and evaluation projects and has not yet determined whether its exploration and evaluation projects contain mineral deposits that are economically recoverable. The Company will periodically have to find additional funds to continue its exploration activities, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continuing existence is dependent upon the discovery of economically recoverable reserves and resources, the preservation of its interest in the underlying properties, the ability of the Company to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and the achievement of profitable operations. Changes in future conditions could require material write-downs of the carrying values. The Company's assets may also be subject to increases in royalties and taxes, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

At July 31, 2013, the Company has accumulated losses of \$17,249,349 (April 30, 2013 - \$17,111,949) since its inception, has a working capital deficiency of \$598,749 (April 30, 2013 - \$408,314) and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern.

The Company has a need for equity capital and financing for working capital and exploration and evaluation of its properties. Because of continuing operating losses the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach

Debut Diamonds Inc.
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profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

2 BASIS OF PREPARATION

(a) Statement of Compliance

The Company prepares its financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies as set out below were consistently applied to all the periods presented unless otherwise noted.

These financial statements were approved for issue by the Board of Directors on September 27, 2013.

(b) Basis of Measurement

These financial statements have been prepared on the historic cost basis except for financial assets such as marketable securities which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

(d) 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 application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognized in the period in which the estimates are revised and in any future periods affected. The accompanying financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

Management has made a number of significant estimates and valuation assumptions based on present conditions and management's planned course of action as well as assumptions about future business and economic conditions which include, but are not limited to, the following:

(i) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making

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Its' assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(ii) *Share-based compensation*

Management determines costs for stock-based compensation using market-based valuation techniques. The fair value of the market-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set out in Note 3 to the 2013 audited financial statements, as updated under New Accounting Policies below. Such policies have been applied consistently to all periods presented in these financial statements.

(a) New Accounting Policies

The IASB issued a number of new and revised International Accounting Standards which are effective for the Company's financial year beginning May 1, 2013. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

(b) New Standards and Interpretations Not Yet Adopted

Since the issuance of the Company's 2013 audited financial statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued no additional new and revised standards and interpretations which are applicable to the Company. Refer to Note 3 of those statements.

4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk;

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This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfils its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

Credit Risk

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Cash and cash equivalents

The Company's cash and cash equivalents are held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper.

Receivables

When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Further, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

Marketable Securities

The Company limits its exposure to credit risk by investing only in securities of companies which are listed on public stock exchanges. Such strategic investments are approved by the Board of Directors of the Company. Management actively monitors changes in the markets and management does not expect any counterparty to fail to meet its obligations. The Company's investments are generally in the junior natural resources sector and these companies are subject to similar areas of risk as the Company itself. The risks associated with these financial instruments are discussed in Note 7.

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Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation.

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

The Company has no significant long-term liabilities. All other contractually obligated cash flows are payable within the next fiscal year.

As at July 31, 2013, the Company had cash and cash equivalents in the amount of \$3,734 (\$8,806 on April 30, 2013) to settle current liabilities of \$1,518,761 (\$1,497,500 on April 30, 2013).

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income, the value of its E&E properties or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Other Market Price Risk

The Company's marketable securities are subject to equity price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments.

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The value of the Company's E&E properties is related to the price of, and outlook for, base and precious metals. Historically, such prices have fluctuated and are affected by numerous factors outside of the Company's control, including, but not limited to: industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and other factors such as significant mine closures. The Company does not have any hedging or other commodity-based risks respecting its operations. The value of the Company's strategic investments is also related to the price of, and outlook for, base and precious metals and other minerals.

Capital Management Disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its projects. The Board of Directors does not establish quantitative return on capital criteria for

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management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be equity, which is comprised of common shares, warrants, contributed surplus, deficit and accumulated other comprehensive loss, which as at July 31, 2013 totaled a deficiency of \$598,749 (April 30, 2013 – \$408,314).

All of the properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

There were no changes in the Company's approach to capital management during the three months ended July 31, 2013. The Company is not subject to externally imposed capital requirements.

5 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investments in Equity

The fair value of marketable securities included in financial assets at fair value through operations or OCI is determined by reference to their quoted closing bid price at the reporting date.

Fair value hierarchy

The different levels of valuation are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

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The fair value of the Company's financial instruments is summarized as follows:

	July 31, 2013		April 30, 2013		Fair value Hierarchy Level
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	
Financial assets					
Cash equivalents	\$ 320	\$ 320	\$ 319	\$ 319	Level 2
Marketable securities:					
Classified as AFS	484,280	484,280	537,315	537,315	Level 1
Classified as FVTPL	273,000	273,000	378,000	378,000	Level 2

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about financial instruments.

As at both July 31, 2013 and April 30, 2013, cash and cash equivalents and trade and other payables have fair values which approximate their carrying values due to the relatively short period to maturity of the instruments and marketable securities are recorded at fair value. It is not possible to determine if the amount due to related party is at fair value as there is no comparable market value for such loans. For marketable securities refer to Note 7 and for due to related party refer to Note 10.

(b) Stock-based Compensation Transactions

The fair value of share options is estimated using the Black-Scholes option-pricing model.

6 CASH AND CASH EQUIVALENTS

	As at July 31, 2013	As at April 30, 2013
Cash	\$ 3,414	\$ 8,487
Money Market Funds	320	319
Cash and cash equivalents	\$ 3,734	\$ 8,806

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7 MARKETABLE SECURITIES

The portfolio investments consist of securities of publicly held companies that are available for sale and are recorded at fair value.

	As at July 31, 2013	As at April 30, 2013
Available for sale assets ("AFS"):		
KWG Resources Inc. (a)		
11,807,000 common shares		
Cost	\$ 1,003,595	\$ 1,003,595
Unrealized loss	(531,315)	(472,280)
Fair value of KWG Resources Inc. shares	\$ 472,280	\$ 531,315
Renforth Resources Inc. (b)		
200,000 common shares		
Cost	\$ 15,000	\$ 15,000
Unrealized loss	(3,000)	(9,000)
Fair value of Renforth Resources Inc shares	\$ 12,000	\$ 6,000
Total AFS	\$ 484,280	\$ 537,315
Financial assets at fair value through profit & loss:		
KWG Resources Inc. (a)		
21,000,000 warrants		
Cost	\$ 1,428,000	\$ 1,428,000
Unrealized loss	(1,155,000)	(378,000)
Fair value of KWG Resources Inc. warrants	\$ 273,000	\$ 1,050,000
Marketable securities	\$ 757,280	\$ 2,213,000

(a) On August 29, 2011, Debut acquired 21,000,000 non flow-through common shares and 21,000,000 warrants (each warrant entitling the Company to purchase one common share for \$0.15 on or before August 29, 2016) in KWG for a total consideration consisting of 7,000,000 non flow-through common shares and 7,000,000 warrants (each warrant entitling the holder to purchase one common share for \$0.40 on or before August 29, 2016) of Debut. On August 29, 2011, the market value of KWG's shares was \$0.085 per share. On March 2, 2012, the Company disposed of 1,700,000 of these shares as partial payment for its acquisition of the Nakina Project. During March 2013 the Company sold 7,493,000 of these shares for cash proceeds of \$381,666, which resulted in a loss of \$255,239. On July 31, 2013, the market value of KWG's shares was \$0.04 per share.

(b) In December, 2011, Debut received 1,000,000 common shares of Renforth Resources Inc. ("Renforth") in accordance with their option agreement in lieu of Renforth making required expenditures on the Kyle project. The market value of these shares as at this date was \$0.015 per

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share. On October 19, 2012 Renforth Resources Inc. consolidated its common shares on a one for five basis. The Company now holds 200,000 common shares of Renforth. On July 31, 2013, the market value of Renforth's shares was \$0.06 per share.

Warrants

The financial assets at fair value through profit and loss consist of warrants which are not publicly-traded. However, their valuation can be estimated through the use of a valuation model, the inputs for which are readily determinable. Any change in fair value after initial recognition, is recorded through the statements of operations as a gain or loss on fair value of warrants. The fair value of the warrants decreased by \$105,000 during the three months ended July 31, 2013 to \$273,000.

The following table summarizes the inputs that were used to estimate the fair value of the warrants:

	As at July 31, 2013	As at April 30, 2013
Expected dividend per share	Nil	Nil
Expected volatility	95.2%	98.5%
Risk-free interest rate	1.18%	1.11%
Expected life of the options granted	37 months	40 months
Calculated value per warrant	<u>\$0.013</u>	<u>\$0.018</u>

Sensitivity Analysis - Equity Price Risk

All of the Company's financial assets classified as AFS are listed on public stock exchanges. For such investments, a 10% increase in the equity prices at the reporting date would have increased equity by \$48,528, (as at April 30, 2013 – \$53,731) an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

For financial assets classified at fair value through profit and loss, the impact on operations of a 10% increase in the market price of the common shares at the reporting date would have been \$27,300 (\$37,800 as at April 30, 2013).

8 EXPLORATION AND EVALUATION PROJECTS

The Company has determined that as at July 31, 2013 the following projects have not met the technical feasibility and commercial viability criteria to be capitalized and classified in mining properties, accordingly the Company has expensed all exploration and evaluation expenditures in the year. At July 31, 2013 and April 30, 2013, the Company did not hold any assets classified as mining properties.

(a) **MacFadyen Kimberlites:** The MacFadyen Kimberlites project consists of certain claims on the south shore of the Attawapiskat River west of James Bay. MacFadyen Kimberlites is a joint project between Debut and Cliffs Chromite Far North Inc. ("Cliffs") (formerly Spider Resources Inc.). Debut is the operator of the joint project and currently has a 58.35% interest in the joint project. Ashton Mining Canada Ltd., ("Ashton"), a previous owner, holds a 25% clawback entitlement to any kimberlite found or developed by Debut and/or Cliffs on the MacFadyen Kimberlites property.

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Ashton can execute the clawback by paying Debut and Cliffs an amount equal to 300% of all exploration expenditures on the property. As of July 31, 2013 and April 30, 2013 the Company has expended \$3,697,161 on this project.

(b) **Kyle:** The Kyle project is located west of the Attawapiskat River in Ontario. Debut and Cliffs each have a 50% interest in the Kyle project which is optioned to Renforth Resources Inc., ("Renforth"), who is the operator of the Kyle project. Renforth earned a 55% interest in the Kyle project by transferring a group of adjacent claims and incurring a total of \$6 million of exploration Expenditures, over a period of three years. Debut's interest has been reduced to 22.5% and may be further reduced to 15% upon Cliffs incurring exploration expenditures equal to its prior capital in the joint project. As of July 31, 2013 and April 30, 2013 the Company has expended \$3,184,171 on this project.

(c) **Wawa:** The Wawa joint project consists of exploration land located north of the town of Wawa, Ontario. Debut held a 48.89% interest in the Wawa joint project as at April 30, 2012 with Cliffs the operator owning the balance. Debut has the right to protect its equity position by electing to resume financial support once its joint venture interest has been diluted to 33 $\frac{1}{3}$ %. As of July 31, 2013 and April 30, 2013 the Company has expended \$431,368 on this project.

(d) **Pele Mountain:** The Pele Mountain project is comprised of mining claims in the James Bay Lowlands of northern Ontario, north-west of and adjoining Debut's MacFadyen Kimberlite claims. Debut holds 100% interest in the Pele claims, and is the operator of the project. As of July 31, 2013 and April 30, 2013 the Company has expended \$1,272,095 on this project.

(e) **Uniform Surround:** Debut has a 28.12% participating interest and a 2% NSR in the Uniform Surround claims adjoining the east side of the MacFadyen Kimberlites property. As of July 31, 2013 and April 30, 2013 the Company has expended \$46,995 on this project.

(f) **Diagnos Initiative:** Debut holds a 50.61% interest in certain isolated Diagnos Initiative claims in the McFaulds Lake area of the James Bay Lowlands. Debut has the right to explore and mine for diamonds on the six isolated Diagnos Initiative claims. The Diagnos Initiative project is funded equally by Debut and Cliffs on a 50:50 basis. As of July 31, 2013 and April 30, 2013 the Company has expended \$30,525 on this project.

(g) **Victor West:** The Company holds a 100% interest in certain claims in the Victor West area in the James Bay Lowlands south of The Pele Mountain property and west of the Victor property. Debut is the operator of the project. As of July 31, 2013 and April 30, 2013 the Company has expended \$207,305 on this project.

(h) **Nakina project:** On August 19, 2011 the Company signed an agreement to acquire a 70% interest in 33 diamond exploration targets near Nakina, Ontario for proceeds consisting of \$30,000 in cash, 1,500,000 non flow-through shares of Debut, and 1,700,000 non flow-through shares of KWG. The Company must incur a total of \$750,000 in exploration expenditures within the first 12 months of the agreement and must also pay the vendors an additional \$25,000 and issue an additional 600,000 non flow-through shares in each of the following two years to exercise the option and acquire the 70% interest. On August 18, 2012, Debut made a cash payment of \$25,000 and issued 600,000 shares from its treasury to the vendor and on November

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15, 2012, Debut made cash payment of \$25,000 and issued an additional 600,000 shares from its treasury to the vendor. Due to the initial delays in concluding consultations with affected First Nations for approval of exploration work on their traditional lands, the Company was unable to complete its \$750,000 work commitment within the first twelve months of signing the agreement. The Company therefore requested an extension of time from the vendor in order to fulfill the work commitment on the property. The vendor granted the Company a one hundred and eighty day (180) day extension so that the work was required to be completed by February 19, 2013. The work commitment requirement was met prior to this extension date and the Company has earned into its 70% interest. As of July 31, 30, 2013 the Company has expended \$2,800,108 (April 30, 2013 - \$2,887,924) on this project.

(i) **CCC Railway Corridor:** The Company has entered into a joint venture with Canada Chrome Corporation (“CCC”), a wholly-owned subsidiary of KWG to analyze the till samples taken by CCC, wherein CCC has agreed to provide access to the valuable geotechnical database covering a 330 kilometer north-south transect through the Ring of Fire to Nakina. Debut will process the glacial till horizons at its cost under a reciprocal joint venture agreement, to recover heavy and indicator minerals. Diamond discoveries following from the analysis of these samples will be the property of Debut while metal discoveries resulting from the work will be the property of KWG. As of July 31, 2013 and April 30, 2013 the Company has expended \$458,379 on this project.

(j) **Fletcher JV:** On October 23, 2012, the Company and Fletcher Nickel Inc. (“Fletcher”), a non-arm’s length third party, concluded a letter of intent, with respect to an option and joint venture agreement for certain claims held by Fletcher south of the Texmont Mine covering the Kirkland Lake Break extension south of Timmins (the “Property”) adjacent to the recent SGX gold discovery. Option terms required Debut to spend \$500,000 on the Property by December 31, 2012 and paying Fletcher \$100,000 per annum commencing January 1, 2013. Debut completed the property expenditure but was unable to make the option payment and has relinquished any interest in the Property.

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9 TRADE AND OTHER PAYABLES

	July 31, 2013	April 30, 2013
Trade payables		
Exploration and evaluation projects	\$ 104,621	\$ 101,361
Non-project related	92,289	73,486
Accrued liabilities		
Non-project related	11,700	24,000
Flow-through premium liability (see table below)	-	-
	\$ 208,610	\$ 198,847

The following table shows the transactions and balances of the flow-through premium liability:

	July 31, 2013	April 30, 2013
Balance, as at beginning of year	\$ -	\$ 117,381
Flow-through premium from financing – Dec 2012	-	1,800
Flow-through premium amortized through finance income	-	(119,181)
Balance, as at end of year	\$ -	\$ -

10 RELATED PARTY DISCLOSURES

The Company defines its officers (CEO, CFO and corporate secretary) and directors as Key Management Personnel (“KMP”). During the three months ended July 31, 2013 companies controlled by officers and directors charged consulting fees totaling \$2,475 (\$10,275 in 2012). At July 31, 2013, \$22,840 remained payable to KMP (\$6,225 in 2012). Directors’ fees paid for the three months ended July 31, 2013 totaled \$nil (\$15,000 in 2012). KMP received no stock options in either of these three month periods.

KWG Resources Inc.

The Company shares management, administrative assistance and facilities and other technical personnel with KWG. This is not covered by a written agreement. The costs charged by KWG are equal to the costs incurred by Debut. During the three months ended July 31, 2013, KWG charged Debut for overhead and personnel charges in the amount of \$11,498 (\$62,331 in 2012) and for project costs in the amount of \$nil (\$47,393 in 2012). It has also advanced funds in the form of loans to Debut in the amount of \$781,794. These loans are non-interest bearing and have no fixed terms of repayment. The Company has signed a general security agreement in favour of KWG as security for this debt.

11 SHARE CAPITAL

Authorized: An unlimited number of common shares

Issued: As at July 31, 2013 and April 30, 2013 the Company had 54,790,934 common shares issued and outstanding.

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12 WARRANTS AND COMPENSATION OPTIONS

A summary of the Company's outstanding warrants and compensation options as at July 30, 2013 and April 30, 2013 is presented below:

Warrants/Compensation	Number of Units	Exercise Price	Expiry Date	Estimated Grant Date Fair Value
	2,857,143 (a)	\$ 0.07	August 19, 2013	\$ 71,428
	571,428 (b)	0.35	August 19, 2013	93,428
	7,000,000 (a)	0.07	August 29, 2013	182,000
	2,142,857 (a)	0.07	December 23, 2013	62,143
	428,571 (b)	0.35	December 23, 2013	90,639
	100,000 (a)	0.08	December 20, 2014	1,200
	13,099,999	\$ 0.09		\$ 500,838

(a) Each warrant entitles the holder to purchase one non flow-through common share.

(b) Each compensation option entitles the holder to purchase one unit. Each unit consists of one non flow-through common share and one-half of a warrant. Each whole warrant entitles the holder to purchase one non flow-through common share at a price of \$0.45 for a period of 24 months after closing.

13 STOCK OPTIONS

The Company maintains a stock option plan (the "Plan") whereby the Board of Directors may from time to time grant to employees, officers, directors and consultants of the Company or any subsidiary thereof options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board, provided that the exercise price may not be lower than the market price of the common shares at the time of the grant of the options. Under the plan the maximum aggregate number of common shares reserved by the Company for issuance and which may be purchased upon the exercise of all options shall not exceed a maximum of 10% of the common shares issued and outstanding at the time of the grant. Options vest immediately on the effective date of granting, they must be exercised over a period no longer than five years after the date of grant and they are not transferable.

On August 28, 2012, the Company granted to directors, officers and employees, a total 5,200,000 options exercisable at \$0.10 per share with an expiry date of September 25, 2016. The fair value of the options granted were estimated using the Black-Scholes option pricing model based on the following assumptions: Expected dividend yield – 0%, expected volatility – 155.0%, risk free interest rate – 1.31%, expected life of the options granted – 49 months and the calculated fair value of each option granted \$0.084.

Total stock compensation costs for the periods ended July 31, 2013 and 2011 amounted to \$nil.

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14 EXPLORATION EXPENSES

The Company's exploration expenses consist of the following:

For the three months ended July 31	2013	2012
Acquisition costs	\$ -	\$ 134,000
Assaying and testing	-	3,399
Camp and support	-	869
Consulting fees	1,349	-
Drilling	(1,600)	-
Fuel	-	4,178
Geology	-	63,385
Legal	-	15,302
Reports	-	4,500
Surveying	-	2,728
	\$ (251)	\$ 228,361

15 GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses consist of the following:

For the three months ended July 31	2013	2012
Advertising and promotion	\$ 1,550	\$ 2,510
Directors fees and Insurance	841	16,157
Filing fees	1,500	3,416
Insurance	5,044	3,999
Professional fees	9,975	45,828
Office and general	3,566	36,057
Salaries and benefits	10,175	30,525
Travel	-	1,198
	\$ 32,651	\$ 139,690

16 COMMITMENTS AND CONTINGENCIES

- (a) The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.
- (b) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.