DEBUT DIAMONDS INC.

ANNUAL FINANCIAL STATEMENTS

APRIL 30, 2014 AND 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

All of the information in the accompanying financial statements of Debut Diamonds Inc. is the responsibility of management. The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where necessary, management had made judgments and estimates in preparing the financial statements and such statements have been prepared within acceptable limits of materiality.

Management maintains appropriate systems of internal control to give reasonable assurance that its assets are safeguarded and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of Directors, one of whom is an officer of the Company, meets with management and the external auditors to review the auditor's report and the financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the financial statements.

A firm of independent Chartered Accountants, appointed by the shareholders, audits the financial statements in accordance with Canadian generally accepted auditing standards and provides an independent professional opinion thereon. The external auditors have free and full access to the Audit Committee with respect to their findings regarding the fairness of financial reporting and the adequacy of internal controls.

Frank C. Smeenk	Thomas E. Masters
Chief Executive Officer	Chief Financial Officer

August 13, 2014

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Debut Diamonds Inc.

We have audited the accompanying financial statements of Debut Diamonds Inc., which comprise the balance sheet as at April 30, 2014 and 2013, and the statements of operations and comprehensive loss, statements of changes in (deficiency) equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Debut Diamonds Inc. as at April 30, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company had continuing losses during the year ended April 30, 2014 and a cumulative deficit as at April 30, 2014. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
August 13, 2014

DEBUT DIAMONDS INC.
Balance Sheets
(Expressed in Canadian dollars)

As at April 30	**Notes**		**2014**		2013 (Note 18)
Assets					
Current					
Cash and cash equivalents	**6**	**$**	**49,768**	$	8,806
Marketable securities	**7**		**975,525**		915,315
Receivables			**12,861**		148,853
Prepaid expenses			**6,584**		16,212
Total current assets		**$**	**1,044,738**	$	1,089,186
Total assets		**$**	**1,044,738**	$	1,089,186
Liabilities and Deficiency					
Current liabilities					
Trade and other payables	**9**	**$**	**12,808**	$	198,847
Total current liabilities		**$**	**12,808**	$	198,847
Long-term liabilities					
Due to related party	**10**		**1,126,672**		923,482
Total liabilities		**$**	**1,139,480**	$	1,122,329
Deficiency					
Share capital	**11**	**$**	**13,900,748**	$	13,900,748
Warrants	**12**		**183,200**		500,838
Contributed surplus			**3,058,880**		2,783,329
Equity component of due to related party loan	**10**		**435,000**		435,000
Deficit			**(17,587,500)**		(17,171,778)
Accumulated other comprehensive loss			**(85,070)**		(481,280)
Total deficiency		**$**	**(94,742)**	$	(33,143)
Total liabilities and deficiency		**$**	**1,044,738**	$	1,089,186
Nature of operations and going concern	**1**				
Commitments and contingencies	**17**				

APPROVED ON BEHALF OF THE BOARD

"Frank C. Smeenk" ,Director

"Douglas Flett" ,Director

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.
Statements of Operations
(Expressed in Canadian dollars)

For the years ended April 30,	Notes		2014		2013 (Note 18)
Expenses					
Exploration expenses	14	$	(10,447)	$	(2,861,767)
General and administrative	15		(166,119)		(497,410)
Stock-based compensation costs	13		-		(437,320)
Total expenses		$	(176,566)	$	(3,796,497)
Other (expenses) income					
Finance income	9	$	-	$	119,181
Interest income			802		12,366
Accretion expense	10 & 18		(125,108)		(38,292)
Loss on disposal of marketable securities	7		(177,937)		(255,239)
Gain (loss) on fair value of warrants	7		21,000		(672,000)
Total other expenses		$	(281,243)	$	(833,984)
Loss before taxes		$	(457,809)	$	(4,630,481)
Deferred income tax recovery	16		42,087		-
Net loss for the year		$	(415,722)	$	(4,630,481)
Net loss per share - basic and diluted		$	(0.01)	$	(0.09)
Weighted average number of common shares outstanding			54,790,934		53,528,468

Statements of Comprehensive Loss

For the years ended April 30,	Notes		2014		2013
Net loss for the year		$	(415,722)	$	(4,630,481)
Other comprehensive income (loss)					
Items that will subsequently be reclassified to net income (loss):					
Change in fair value of available for sale assets	7		228,210		(176,105)
Transferred to income upon realization	7		168,000		187,325
Net change in fair value of available for sale assets		$	396,210	$	11,220
Total comprehensive loss for the year		$	(19,512)	$	(4,619,261)

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.

Statements of Changes in Deficiency
(Expressed in Canadian dollars)
For the years ended April 30, 2014 and 2013

	Notes	Share Capital	Warrants	Contributed Surplus	Equity component of due to related party loan (Note 18)	Deficit (Note 18)	Accumulated Other Comprehensive Loss	Total Equity (Deficiency)
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		242,000	-	-	-	-	-	242,000
Warrant repricing adjustment		1,689,515	(1,689,515)	-	-	-	-	-
Stock-based compensation costs		-	-	437,320	-	-	-	437,320
Issued for private placements		7,000	1,200	-	-	-	-	8,200
Warrants expired		-	(155,243)	155,243	-	-	-	-
Equity component of due to related party loan		-	-	-	435,000	-	-	435,000
Other comprehensive income for the year		-	-	-	-	-	11,220	11,220
Net loss for the year		-	-	-	-	(4,630,481)	-	(4,630,481)
Balance April 30, 2013		**$ 13,900,748**	**$ 500,838**	**$ 2,783,329**	**$ 435,000**	**$ (17,171,778)**	**$ (481,280)**	**$ (33,143)**
Warrants expired	12	-	(317,638)	317,638	-	-	-	-
Deferred income tax on expired warrants		-	-	(42,087)	-	-	-	(42,087)
Other comprehensive income for the year		-	-	-	-	-	396,210	396,210
Net loss for the year		-	-	-	-	(415,722)	-	(415,722)
Balance April 30, 2014		**13,900,748**	**183,200**	**$ 3,058,880**	**$ 435,000**	**$ (17,587,500)**	**$ (85,070)**	**$ (94,742)**

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended April 30,	**Notes**		**2014**		2013 (Note 18)
Cash Flows From					
Operating activities					
Net loss for the year		**$**	**(415,722)**	$	(4,630,481)
Adjustments for					
Deferred income tax recovery	16		**(42,087)**		-
Stock-based compensation costs			**-**		437,320
Finance income			**-**		(119,181)
Loss on disposal of shares	7(a)		**177,937**		255,239
Loss (gain) on value of warrants	7		**(21,000)**		672,000
Exploration expenses paid for with common shares			**-**		242,000
Accretion and accrued interest expense			**191,692**		59,829
Change in non-cash working capital balances					
Decrease (increase) in receivables			**135,992**		(33,102)
Decrease (increase) in prepaid expenses			**9,628**		(1,048)
Increase (decrease) in trade and other payables			**(153,182)**		41,561
Net cash used in operating activities		**$**	**(116,742)**	$	(3,075,863)
Financing activities					
Issue of shares and warrants for cash		**$**	**-**	$	10,000
Increase in due to related party			**11,498**		476,375
Net cash provided by financing activities		**$**	**11,498**	$	486,375
Investing activities					
Sale of marketable securities	7(a)	**$**	**146,206**	$	381,666
Increase (decrease) in cash and cash equivalents during the year		**$**	**40,962**	$	(2,207,822)
Cash and cash equivalents at beginning of the year			**8,806**		2,216,628
Cash and cash equivalents at end of the year		**$**	**49,768**	$	8,806
Additional information - non-cash transactions					
Transfer of marketable securities for payment of accounts payable balance	7(a)	$	32,857	$	-

See accompanying notes to the financial statements

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 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 April 30, 2014 the Company has accumulated losses of $17,587,500 (April 30, 2013 - $17,171,778) since its inception, has limited working capital 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. To date the Company has been heavily financed by the due to related party loan, which was renegotiated to add a conversion feature to the loan balance effective January 1, 2013.

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 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 August 13, 2014.

(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 5.

(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 estimates 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 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) Stock-based compensation costs
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 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the statement of operations.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(c) Financial Instruments

Financial assets and liabilities are recognized when the Company 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 Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL")
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. The Company has invested in warrants that qualify as derivatives. All derivatives have been classified as held-for-trading and are included on the balance sheet within marketable securities. Gains and losses on re-measurement of the fair value of warrants are included in the statement of operations.

Financial instruments in this category are recognized initially and subsequently at their estimated 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 in the period in which they arise. Non-derivative 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 are classified as long-term. Warrants are classified as current.

(ii) Available-for-sale investments ("AFS")
Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's available-for-sale assets comprise investments in equity securities included in the marketable securities in the balance sheet.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognized in other comprehensive income ("OCI"). When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and are included in gain (loss) on marketable securities. Available-for-sale investments are classified as non-current, unless management expects to dispose of them within twelve months.

Dividends on available-for-sale equity instruments are recognized in the statement of operations as dividend income when the Company's right to receive payment is established.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less any provision for impairment.

(iv) Financial liabilities at amortized cost
Financial liabilities at amortized cost consist of trade and other payables. Trade and other payables are initially recognized at the amount required to be paid, less a discount to reduce the payables to fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(d) Impairment of Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is recognized in the statement of operations in respect of a financial asset measured at amortized cost and it is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of a financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

A previously recognized impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and financial assets that are debt securities, the reversal is recognized through operations.

(e) Exploration and Evaluation Projects
Exploration and Evaluation ("E&E") expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and includes costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

E&E expenditures, including costs of acquiring licenses, are expensed as Exploration and Evaluation Expenses on an "area of interest basis" which generally is defined as a project. The Company considers a project to be an individual geological area whereby the presence of a mineral deposit is considered favourable or has been proved to exist.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, additional E&E expenditures will be recorded in *mine property and development projects*. As at April 30, 2014 and 2013, the Company does not hold any assets classified as *mine property and development projects*.

(f) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") (see definition below) is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Generally, a CGU is analogous to an individual project. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of operations. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior periods. Such reversal is recognized in the statement of operations.

(g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of operations in the period in which they are incurred.

(h) Employee Benefits

(i) Termination benefits

Termination benefits are recognized as an expense when Debut is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if Debut has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be reliably estimated.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if Debut has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(iii) Stock-based payment transactions

The grant date fair value of options granted to employees, directors and consultants providing similar services is recognized as an employee expense, with a corresponding increase in equity, over the period that the individuals become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Stock-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are accounted for as equity-settled stock-based payment transactions, regardless of how the equity instruments are obtained by Debut.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration or decommissioning in respect of land restoration, and the related expense, is recognized when the land is contaminated and there is a legal obligation to restore the site. The Company presently has no material decommissioning liabilities.

(j) Finance Income
Finance income consists of the amortization of premiums on the issuance of flow-through shares.

(k) Income Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized through operations. Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Deferred income tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Share Capital
(i) Common shares
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity and any applicable flow-through premium, net of any tax effects.

The Company has financed a portion of its exploration and evaluation activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Common shares issued on a flow-through basis typically include a premium because of the tax benefits associated therewith ("Flow-through Premium").

Flow-through shares may also be issued with a warrant feature. At the time of issue, the Company estimates the proportion of proceeds attributable to the Flow-through Premium, the common share and the warrant with reference to closing market prices and the use of such techniques as the Black-Scholes option-pricing model. The Flow- through Premium is estimated as the excess of the subscription price over the market value of the share and is recorded as a separate deferred liability on the balance sheet. The proceeds attributable to the warrants are also treated as equity and recorded in warrants on the balance sheet until exercise, when the associated proportion is transferred to share capital along with the cash proceeds received on exercise. The grant date value attributed to expired warrants is transferred to contributed surplus.

The effect of renunciation of the tax benefits to holders of such shares is recognized pro-rata with the associated expenditures being incurred by the Company. This could occur either before or after the formal renunciation of expenditures to the tax authorities have been made. When eligible expenditures are incurred, the Company recognizes a pro-rata amount of the Flow-through Premium through *Finance income* in the statement of operations with a decrement to the liability on the balance sheet.

(ii) Stock-based compensation

All stock-based awards made to employees and non-employees are recognized at the date of grant using a fair-value-based method to calculate compensation expense. The Company has a stock option plan (the "Stock Option Plan") which is described in Note 13. Compensation expense is charged to operations over the vesting period of the options with a corresponding increase to contributed surplus. Stock options typically vest immediately on the granting date. The fair values are determined at the granting date by applying the Black-Scholes option pricing model. Measurement inputs include share price on the measurement date, exercise prices, expected volatility, expected life, expected dividends, expected forfeiture rate and the risk free interest rate. Under graded vesting the fair value of each tranche is recognized over its respective vesting period.

(m) Loss per Share

Basic loss per share is calculated using the weighted average number of shares outstanding. In order to determine diluted loss per share, any proceeds from the exercise of dilutive warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options or warrants that would increase earnings per share or decrease loss per share. The diluted loss per share calculation excludes all options and warrants for the years ended April 30, 2014 and 2013 as their effect would be anti-dilutive.

(n) Recent Accounting Pronouncements

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended April 30, 2014, and have not been applied in preparing these financial statements. Updates that are not applicable or are not consequential to the Company have been excluded. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. Earlier adoption is permitted.

(o) Changes in Accounting Policies

The Company has adopted the following new standards, along with any consequential amendments, effective May 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognized

financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The adoption of the amendments to this standard did not result in any changes to the Company's disclosure of its financial instruments.

IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method. The adoption of this standard did not result in any changes to the Company's investments in joint ventures.

IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. The adoption of this standard did not result in any significant changes to the Company's disclosures of its financial instruments.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of the amendments to this standard has resulted in some changes to disclosure on the statement of comprehensive loss.

IAS 28 - Investments in Associates and Joint Ventures ("IAS 28") was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. The adoption of this standard did not result in any changes to the Company's investments in joint ventures.

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;

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.

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 a long term loan payable to a related party described in Note 10. All other contractually obligated cash flows are payable within the next fiscal year.

As at April 30, 2014, the Company had cash and cash equivalents in the amount of $49,768 ($8,806 on April 30, 2013) to settle current liabilities of $12,808 ($198,847 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 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 April 30, 2014 totaled a deficiency of $94,742 (April 30, 2013 – $33,143).

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.

(Expressed in Canadian dollars)

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 years ended April 30, 2014 and 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).

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

	April 30, 2014		April 30, 2013		Fair Value
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Hierarchy Level
Financial assets:					
Cash equivalents	-	-	319	319	Level 2
Marketable securities:					
Classified as AFS	576,525	576,525	537,315	537,315	Level 1
Classified as FVTPL	399,000	399,000	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 April 30, 2014 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. The measurement inputs are described above under Note 3(l)(ii).

(Expressed in Canadian dollars)

6 CASH AND CASH EQUIVALENTS

	As at April 30, 2014	As at April 30, 2013
Cash	49,768	8,487
Money Market Funds	-	319
Cash and cash equivalents	**49,768**	**8,806**

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 April 30, 2014	As at April 30, 2013
AFS:		
KWG Resources Inc. (a)		
7,607,000 common shares (2013 - 11,807,000)		
Cost	646,595	1,003,595
Unrealized loss	(76,070)	(472,280)
Fair value of KWG Resources Inc. shares	**570,525**	**531,315**
Renforth Resources Inc. (b)		
200,000 common shares (2013 – 200,000)		
Cost	15,000	15,000
Unrealized loss	(9,000)	(9,000)
Fair value of Renforth Resources Inc. shares	**6,000**	**6,000**
Total AFS	**576,525**	**537,315**
FVTPL:		
KWG Resources Inc. (a)		
21,000,000 warrants (2013 – 21,000,000)		
Cost	1,428,000	1,428,000
Unrealized loss	(1,029,000)	(1,050,000)
Fair value of KWG Resources Inc. warrants	**399,000**	**378,000**
Marketable securities	**975,525**	**915,315**

(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 2013 the Company sold 7,493,000 of these shares for cash proceeds of $381,666, which resulted in a loss of $255,239. During 2014, the Company sold 3,200,000 of these shares for cash proceeds of $146,207, which resulted in a loss of $125,793. In August 2013, the Company transferred 1,000,000 of these shares to a supplier in settlement of an outstanding balance of $32,857. A loss of $52,144 was recorded on this transaction.

(Expressed in Canadian dollars)

(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 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.

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 increased by $21,000 during the year ended April 30, 2014 (2013 – decrease of $672,000).

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

	As at April 30, 2014	**As at April 30, 2013**
Expected dividend per share	Nil	Nil
Expected volatility	75.5%	98.5%
Risk-free interest rate	1.05%	1.11%
Expected life of the options granted	28 months	40 months
Calculated value per warrant	**$0.019**	**$0.018**

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 $58,000, (as at April 30, 2013 - $54,000) 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 $40,000 (as at April 30, 2013 - $38,000).

(Expressed in Canadian dollars)

8 EXPLORATION AND EVALUATION PROJECTS

Cumulative expenditures incurred on the acquisition, exploration and evaluation of the Company's projects are as follows:

	Total April 30, 2014	Expenses During Period	Total April 30, 2013	Expenses During Period	Total April 30, 2012
Project					
McFadyen (a)	3,697,161	-	3,697,161	-	3,697,161
Kyle (b)	3,184,171	-	3,184,171	-	3,184,171
Wawa (c)	431,368	-	431,368	-	431,368
Pele Mountain (d)	1,272,095	-	1,272,095	-	1,272,095
Uniform Surround (e)	46,995	-	46,995	-	46,995
Diagnos Initiative (f)	30,525	-	30,525	-	30,525
Victor West (g)	207,305	-	207,305	-	207,305
Nakina Project (h)	2,898,371	10,447	2,887,924	2,306,857	581,067
CCC Railway Corridor (i)	458,379	-	458,379	85,945	372,434
	12,226,370	**10,447**	**12,215,923**	**2,392,802**	**9,823,121**

(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. Ashton can execute the clawback by paying Debut and Cliffs an amount equal to 300% of all exploration expenditures on the property.

(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.

(c) **Wawa:** The Wawa joint project consists of exploration land located north of the town of Wawa, Ontario. Debut holds a 48.89% interest in the Wawa joint project 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 33⅓%.

(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.

(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.

(Expressed in Canadian dollars)

(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.

(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.

(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 was required to incur a total of $750,000 in exploration expenditures within the first 12 months of the agreement and 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 15, 2012, Debut made another 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 its 70% interest.

(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.

9 TRADE AND OTHER PAYABLES

	As at April 30, 2014	**As at April 30, 2013**
Trade payables:		
Exploration and evaluation projects	-	101,361
Non-project related	808	73,486
Accrued liabilities:		
Non-project related	12,000	24,000
Trade and other payables	**12,808**	**198,847**

(Expressed in Canadian dollars)

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

	As at April 30, 2014	As at April 30, 2013
Balance at beginning of year	-	117,381
Flow-through premium from financing	-	1,800
Flow-through premium amortized through finance income	-	(119,181)
Balance 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 2014, companies controlled by officers and directors charged consulting fees totaling $11,363 ($37,788 in 2013) of which $nil remained payable at April 30, 2014. Directors' fees paid for the year totaled $nil ($48,000 in 2013). KMP received 4,200,000 stock options in 2013 (none in 2014) for which stock compensation expenses totaled $353,220 in 2013 ($nil in 2014).

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 2014, KWG charged Debut for overhead and personnel charges in the amount of $10,175 (2013 - $219,519) and for project costs in the amount of $nil (2013 - $172,264). The entire payable balance is subject to a loan agreement dated January 1, 2013. Under the loan agreement, interest is charged at 5% compounded annually and the loan matures on January 2, 2016. Prior to January 1, 2013 there was no set repayment date for the due to related party loan and the loan was non-interest bearing. Interest totalling $66,584 (2013 - $21,537) and accretion totalling $125,108 (2013 - $38,292) has been accrued in these financial statements. The agreement also contains a conversion provision whereby KWG can convert the amount of the loan outstanding including any accrued but unpaid interest thereon, or any portion thereof, into common shares of the Company at a rate of $0.05 per common share. The amount due to related party is classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value being less than its face value. The discount is being accreted over the term of the loan, utilizing the effective interest rate method at a 20% discount rate. This debt is secured by a general security agreement over the assets of Debut.

11 SHARE CAPITAL

Authorized: An unlimited number of common shares

Issued:

	Year ended April 30, 2014	Year ended April 30, 2013
Balance at beginning of year	54,790,934	50,710,934
Issued for cash (d)	-	200,000
Issued for exploration and evaluation properties (a)(b)(c)	-	3,880,000
Balance at end of year	**54,790,934**	**54,790,934**

(Expressed in Canadian dollars)

(a) On July 24, 2012, the Company issued 2,680,000 common shares in consideration for a number of unpatented mining claims located adjacent to the Nakina properties (Note 8(h)). These shares were valued at $0.05 per share based on the current market value for Debut's shares on July 24, 2012.

(b) On August 19, 2012, the Company issued 600,000 common shares in further consideration for the number of unpatented mining claims located adjacent to the Nakina properties (Note 8(h)). These shares were valued at $0.115 per share based on the current market value for Debut's shares on August 19, 2012.

(c) On November 15, 2012, the Company issued 600,000 common shares in further consideration for the number of unpatented mining claims located adjacent to the Nakina properties (Note 8(h)). These shares were valued at $0.065 per share based on the current market value for Debut's shares on November 15, 2012.

(d) On December 20, 2012, the Company completed a non-brokered private placement through the sale of 200,000 units at a price of $0.05 per unit for gross proceeds of $10,000. Each unit consists of one flow-through common share and one-half of a warrant. Each whole warrant entitles the holder to purchase one non flow-through common share of the Company at a price of $0.08 for a period of 24 months after closing. The fair value of the purchase warrants included in the units was estimated using the Black-Scholes method based on the following assumptions: dividend yield of 0%, volatility of 100%, risk free interest rate of 1.35% and an expected life of two years. As a result, the fair value of the purchase warrants was estimated at $1,200 after a pro- rata allocation of the fair value of the units' components. A premium on this issuance of $0.009 per unit was calculated based on various available market data. This premium was recognized as income as the renounceable exploration expenditures were incurred.

12 WARRANTS AND COMPENSATION OPTIONS

Changes in the Company's outstanding common share purchase warrants and compensation options were as follows:

	Year ended April 30, 2014		Year ended April 30, 2013	
	Warrants	**Compensation options**	**Warrants**	**Compensation options**
Balance at beginning of year	12,100,000	999,999	21,702,666	999,999
Issued for cash 11(d)	-	-	100,000	-
Expired	(5,000,000)	(999,999)	(9,702,666)	-
Balance at end of year	**7,100,000**	**-**	**12,100,000**	**999,999**

A summary of the Company's outstanding warrants as at April 30, 2014 is presented below:

Number of Warrants	Exercise Price	Expiry Date	Estimated Grant Date Fair Value
100,000	$ 0.08	December 20, 2014	$ 1,200
7,000,000	0.07	August 29, 2016	182,000
7,100,000	**$0.07**		**$ 183,200**

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

(Expressed in Canadian dollars)

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 of 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 year ended April 30, 2014 amounted to $nil (2013 - $437,320). There has been no change in the number of outstanding stock options since that date.

14 EXPLORATION EXPENSES

The Company's exploration expenses for the years ended April 30, 2014 and 2013 consist of the following:

	2014	2013
Acquisition costs	-	292,000
Assaying and testing	-	21,984
Camp and support	-	18,246
Consulting fees	9,447	17,370
Drilling	735	1,549,006
Geology	-	244,535
Legal	-	15,303
Mapping and sampling	-	2,250
Project management	-	348,927
Reports	265	8,894
Security	-	294
Staking	-	2,723
Surveying	-	340,235
Total exploration expenses	**10,447**	**2,861,767**

(Expressed in Canadian dollars)

15 GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for the years ended April 30, 2014 and 2013 consist of the following:

	2014	2013
Advertising and promotion	1,729	18,368
Directors' fees and benefits	1,122	49,578
Filing fees	8,871	9,615
Insurance	8,872	18,964
Professional fees	43,870	148,759
Office and general	91,480	154,558
Salaries and benefits	10,175	91,575
Travel	-	5,993
Total general and administrative expenses	**166,119**	**497,410**

16 INCOME TAXES

(a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the combined federal and provincial statutory rate of approximately 26.5% (2013 – 26.79%) were as follows:

	2014	2013
Loss before income taxes	(457,809)	(4,630,481)
Expected income tax recovery based on statutory rates	(121,000)	(1,246,000)
Adjustment to expected income tax benefit:		
Stock-based compensation	-	117,000
Share issue costs	(22,000)	-
Non-deductible expenses	(75,000)	(10,000)
Flow-through shares renounced	-	554,000
Other:		
Change in statutory rate	(444,000)	(128,000)
Change in benefits not recognized	619,913	708,000
Deferred income tax recovery	**(42,087)**	**-**

The statutory rate has decreased by 0.29% due to a decrease in the provincial tax rates.

(Expressed in Canadian dollars)

(b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2014	2013
Non-capital loss carry-forwards	558,000	568,000
Capital losses	468,000	290,000
Share issue costs	167,000	251,000
Mineral property costs	10,431,000	8,362,000
Marketable securities	736,000	1,790,000
	12,360,000	**11,261,000**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company will be able to utilize the benefits.

As at April 30, 2014, non-capital losses totaling $558,000 (April 30, 2013 - $568,000) will expire in 2034.

All other temporary differences can be carried forward indefinitely.

17 COMMITMENTS AND CONTINGENCIES

(a) The Company has indemnified the subscribers of 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.

18 RESTATEMENT

The Company has restated its previously issued Consolidated Balance Sheet and Consolidated Statements of Operations and Comprehensive Loss to correct for an error relating to the amount due to related party. Effective January 1, 2013, the loan was renegotiated to give the lender of the amount due to related party the option to convert the loan and any unpaid accrued interest to common shares of Debut at a price of $0.05 per common share until January 2, 2016. Refer to Note 10 for more details regarding the change in the terms pertaining to the due to related party loan. In the financial statements for the year ended April 30, 2013, the conversion feature of the due to related party loan was not reported separately as equity. As such, the consolidated financial statements for the year ended April 30, 2013 have been restated to reflect the following:

(a) The conversion feature of the due to related party loan has been reclassified as equity. The equity component of the loan has been valued as $435,000. As a result, the due to related party balance decreased by $435,000 and the equity component of the due to related party loan increased by $435,000.

(b) The due to related party loan has been reclassified from current liabilities to long-term liabilities.

(c) The Company incurred accretion expense of $28,292 in connection with the due to related party loan, which was not recorded in the statement of operations. As a result, the due to related party balance increased by $28,292 and accretion expense increased by $28,292.

(d) The Company incurred interest expense of $21,537 in connection with the due to related party loan, which was not recorded in the statement of operations. This interest was not paid as at April 30, 2013, as a result, the due to related party balance increased by $21,537 and general and administrative expenses increased by $21,537.