DEBUT DIAMONDS INC.

Condensed Interim Financial Statements

Unaudited

July 31, 2014

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.

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FRANK C. SMEENK, CHIEF EXECUTIVE OFFICER

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THOMAS E. MASTERS, CHIEF FINANCIAL OFFICER

Toronto, Ontario
September 29, 2014

DEBUT DIAMONDS INC.

Condensed Interim Balance Sheets
(Expressed in Canadian dollars)

	Notes		As at July 31, 2014 Unaudited		As at April 30, 2014 Audited
Assets					
Current					
Cash and cash equivalents	6	$	**45,972**	$	49,768
Marketable securities	7		**674,420**		975,525
Receivables			**14,660**		12,861
Prepaid expenses			**4,505**		6,584
Total current assets		$	**739,557**	$	1,044,738
Total assets		$	**739,557**	$	1,044,738
Liabilities and Deficiency					
Current liabilities					
Trade and other payables	9	$	**25,548**	$	12,808
Total current liabilities		$	**25,548**	$	12,808
Long-term liabilities					
Due to related party	10		**1,181,683**		1,126,672
Total liabilities		$	**1,207,231**	$	1,139,480
Deficiency					
Share capital	11	$	**13,900,748**	$	13,900,748
Warrants	12		**183,200**		183,200
Contributed surplus			**3,058,880**		3,058,880
Equity component of due to related party loan	10		**435,000**		435,000
Deficit			**(17,848,327)**		(17,587,500)
Accumulated other comprehensive loss			**(197,175)**		(85,070)
Total deficiency		$	**(467,674)**	$	(94,742)
Total liabilities and deficiency		$	**739,557**	$	1,044,738
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		2014		2013
Expenses					
Exploration expenses	**14**	**$**	**(88)**	$	251
General and administrative	**15**		**(71,739)**		(32,651)
		$	**(71,827)**	$	(32,400)
Other expenses					
Loss on fair value of warrants	**7**	**$**	**(189,000)**	$	(105,000)
		$	**(189,000)**	$	(105,000)
Net loss for the period		**$**	**(260,827)**	$	(137,400)
Net loss per share - basic and diluted		**$**	**(0.00)**	$	(0.00)
Weighted average number of common shares outstanding			**54,790,934**		54,790,934

Condensed Interim Statements of Comprehensive Loss
Unaudited (Expressed in Canadian dollars)

For the three months ended July 31,	Notes		2014		2013
Net loss for the period		**$**	**(260,827)**	$	(137,400)
Other comprehensive loss					
Net change in fair value of available for sale assets	**7**		**(112,105)**		(53,035)
Total comprehensive loss for the period		**$**	**(372,932)**	$	(190,435)

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	Equity component of due to related party loan	Deficit	Accumulated Other Comprehensive Loss	Total Equity (Deficiency)
Balance April 30, 2013	**$ 13,900,748**	**$ 500,838**	**$ 2,783,329**	**$ 435,000**	**$ (17,171,778)**	**$ (481,280)**	**$ (33,143)**
Other comprehensive income for the period	-	-	-	-	-	(53,035)	(53,035)
Net loss for the three months ended July 31, 2013	-	-	-	-	(137,400)	-	(137,400)
Balance July 31, 2013	**$ 13,900,748**	**$ 500,838**	**$ 2,783,329**	**$ 435,000**	**$ (17,309,178)**	**$ (534,315)**	**$ (223,578)**
Warrants expired	-	(317,638)	317,638	-	-	-	-
Deferred income tax on expired warrants	-	-	(42,087)	-	-	-	(42,087)
Other comprehensive income for the period	-	-	-	-	-	449,245	449,245
Net loss for the nine months ended April 30, 2014	-	-	-	-	(278,322)	-	(278,322)
Balance April 30, 2014	**$ 13,900,748**	**$ 183,200**	**$ 3,058,880**	**$ 435,000**	**$ (17,587,500)**	**$ (85,070)**	**$ (94,742)**
Other comprehensive income for the period	-	-	-	-	-	(112,105)	(112,105)
Net loss for the three months ended July 31, 2014	-	-	-	-	(260,827)	-	(260,827)
Balance July 31, 2014	**$ 13,900,748**	**$ 183,200**	**$ 3,058,880**	**$ 435,000**	**$ (17,848,327)**	**$ (197,175)**	**$ (467,674)**

DEBUT DIAMONDS INC.

Condensed Interim Statements of Cash Flows

Unaudited (Expressed in Canadian dollars)

For the three months ended July 31,		2014		2013
Cash Flows From				
Operating activities				
Net loss for the period	$	(260,827)	$	(137,400)
Adjustments for				
Loss on value of warrants		189,000		105,000
(Increase) decrease in accounts receivable		(1,799)		1,005
Decrease in prepaid expenses		2,079		5,044
Increase in trade and other payables		12,740		9,784
	$	(58,807)	$	(16,567)
Financing activities				
Increase in due to related party	$	55,011	$	11,495
Decrease in cash and cash equivalents during the period	$	(3,796)	$	(5,072)
Cash and cash equivalents at beginning of the period		49,768		8,806
Cash and cash equivalents at end of the period	$	45,972	$	3,734

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 July 31, 2014 the Company has accumulated losses of $17,848,327 (April 30, 2014 - $17,587,500) 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 September 29, 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 of the Company are set out in Note 3 to the 2014 audited financial statements and have been applied consistently to all periods presented in these financial 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;

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 July 31, 2014, the Company had cash and cash equivalents in the amount of $45,972 ($49,768 on April 30, 2014) to settle current liabilities of $25,548 ($12,808 on April 30, 2014).

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, equity component of due to related party loan, deficit and accumulated other comprehensive loss, which as at July 31, 2014 totaled a deficiency of $467,674 (April 30, 2014 – $94,742).

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.

Unaudited (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 three months ended July 31, 2014. 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:

	July 31, 2014		April 30, 2014		Fair Value
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Hierarchy Level
Financial assets:					
Cash equivalents	-	-	-	-	Level 2
Marketable securities:					
Classified as AFS	464,420	464,420	576,525	576,525	Level 1
Classified as FVTPL	210,000	210,000	399,000	399,000	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, 2014 and April 30, 2014, 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.

Unaudited (Expressed in Canadian dollars)

6 CASH AND CASH EQUIVALENTS

	As at July 31, 2014	As at April 30, 2014
Cash	45,972	49,768
Cash and cash equivalents	**45,972**	**49,768**

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, 2014	As at April 30, 2014
AFS:		
KWG Resources Inc. (a)		
7,607,000 common shares		
Cost	646,595	646,595
Unrealized loss	(190,175)	(76,070)
Fair value of KWG Resources Inc. shares	**456,420**	**570,525**
Renforth Resources Inc. (b)		
200,000 common shares		
Cost	15,000	15,000
Unrealized loss	(7,000)	(9,000)
Fair value of Renforth Resources Inc. shares	**8,000**	**6,000**
Total AFS	**464,420**	**576,525**
FVTPL:		
KWG Resources Inc. (a)		
21,000,000 warrants		
Cost	1,428,000	1,428,000
Unrealized loss	(1,218,000)	(1,029,000)
Fair value of KWG Resources Inc. warrants	**210,000**	**399,000**
Marketable securities	**674,420**	**975,525**

(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.

Unaudited (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 decreased by $189,000 during the three months ended July 31, 2014.

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

	As at July 31, 2014	As at April 30, 2014
Expected dividend per share	Nil	Nil
Expected volatility	75.0%	75.5%
Risk-free interest rate	1.00%	1.05%
Expected life of the options granted	25 months	28 months
Calculated value per warrant	**$0.010**	**$0.019**

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 $46,000, (as at April 30, 2014 - $58,000) 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 $21,000 (as at April 30, 2014 - $40,000).

Unaudited (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 July 31, 2014	Expenses During Period	Total April 30, 2014	Expenses During Period	Total April 30, 2013
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)	2,898,459	88	2,898,371	10,447	2,887,924
CCC Railway Corridor (i)	458,379	-	458,379	-	458,379
	12,226,458	**88**	**12,226,370**	**10,447**	**12,215,923**

(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.

Unaudited (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 July 31, 2014	**As at April 30, 2014**
Trade payables:		
Exploration and evaluation projects	-	-
Non-project related	19,748	808
Accrued liabilities:		
Non-project related	5,800	12,000
Trade and other payables	**25,548**	**12,808**

Unaudited (Expressed in Canadian dollars)

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, 2014, companies controlled by officers and directors charged consulting fees totaling $2,138 ($2,475 in 2013) of which $2,138 remained payable at July 31, 2014 ($nil in 2013).

KWG Resources Inc.

The Company is indebted to KWG Resources Inc. in the amount of $1,181,683. 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 $17,478 ($nil in 2013) and accretion totalling $37,533 ($nil in 2013) 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: As at July 31, 2014 and April 30, 2014 there were 54,790,934 shares issued and outstanding.

12 WARRANTS AND COMPENSATION OPTIONS

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

	Three months ended July 31, 2014		Year ended April 30, 2014	
	Warrants	**Compensation options**	**Warrants**	**Compensation options**
Balance at beginning of period	7,100,000	-	12,100,000	999,999
Expired	-	-	(5,000,000)	(999,000)
Balance at end of period	**7,100,000**	**-**	**7,100,000**	**-**

A summary of the Company's outstanding warrants as at July 31, 2014 and 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.

Unaudited (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.

14 EXPLORATION EXPENSES

The Company's exploration expenses for the three months ended July 31, 2014 and 2013 consist of the following:

	2014	2013
Consulting fees	88	1,349
Drilling	-	(1,600)
	88	(251)

15 GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for the three months ended July 31, 2014 and 2013 consist of the following:

	2014	2013
Accretion	**37,533**	-
Advertising and promotion	**1,555**	1,550
Directors fees	**-**	841
Filing fees	**1,575**	1,500
Insurance	**2,079**	5,044
Professional fees	**10,762**	9,975
Office and general	**18,235**	3,566
Salaries and benefits	**-**	10,175
	71,739	32,651

16 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.