DEBUT DIAMONDS INC.

Condensed Interim Financial Statements

Unaudited

January 31, 2016

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.

March 31, 2016

Signed: "*Frank C. Smeenk*"
FRANK C. SMEENK, MANAGING DIRECTOR

Signed: "*Thomas E, Masters*"
THOMAS E. MASTERS, CHIEF FINANCIAL OFFICER

DEBUT DIAMONDS INC.

Condensed Interim Balance Sheets
(Expressed in Canadian dollars)

	Notes		As at January 31, 2016 Unaudited		As at April 30, 2015 Audited
Assets					
Current					
Cash and cash equivalents	**6**	**$**	**6,103**	$	35,829
Marketable securities	**7**		**42,000**		248,925
Receivables	**8**		**56,600**		2,084
Total current assets		**$**	**104,703**	$	286,838
Total assets		**$**	**104,703**	$	286,838
Liabilities and Equity					
Current liabilities					
Trade and other payables	**10**	**$**	**56,098**	$	48,451
Total current liabilities		**$**	**56,098**	$	48,451
Total liabilities		**$**	**56,098**	$	48,451
Equity					
Share capital	**12**	**$**	**15,395,388**	$	15,395,388
Warrants	**13**		**182,000**		182,000
Contributed surplus			**3,060,080**		3,060,080
Deficit			**(18,588,863)**		(18,399,081)
Total equity		**$**	**48,605**	$	238,387
Total liabilities and equity		**$**	**104,703**	$	286,838

Nature of operations and going concern	**1**
Commitments and contingencies	**17**

APPROVED ON BEHALF OF THE BOARD

"Frank C. Smeenk" ,Director

"Douglas Flett" ,Director

DEBUT DIAMONDS INC.

Condensed Interim Statements of Operations
Unaudited (Expressed in Canadian dollars)

		3 Months Ended January 31,		9 Months Ended January 31,	
	Notes	**2016**	2015	**2016**	2015
Expenses					
Exploration expenses	**15**	**$ (22,128)**	$ (27,421)	**$ (25,258)**	$ (56,356)
General and administrative	**16**	**(10,428)**	(66,741)	**(42,386)**	(193,404)
		$ (32,556)	$ (94,162)	**$ (67,644)**	$ (249,760)
Other income (expenses)					
Interest expense		**$ -**	$ (6,628)	**$ -**	$ (46,367)
Loss on disposal of marketable securities		**(59,138)**	(4,810)	**(59,138)**	(131,496)
Gain (loss) on fair value of warrants	**7**	**-**	(210,000)	**(63,000)**	(273,000)
		$ (59,138)	$ (221,438)	**$ (122,138)**	$ (450,863)
Net loss for the period		**$ (91,694)**	$ (315,600)	**$ (189,782)**	$ (700,623)
Net loss per share - basic and diluted		**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding		**204,254,934**	61,240,456	**204,254,934**	56,940,775

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

		3 Months Ended January 31,		9 Months Ended January 31,	
	Notes	**2016**	2015	**2016**	2015
Net loss for the period		**$ (91,694)**	$ (315,600)	**$ (189,782)**	$ (700,623)
Other comprehensive loss					
Items that will subsequently be reclassified to net income:					
Net change in fair value of securities available for sale ("AFS")	**7**	**-**	(109,540)	**(57,570)**	(262,106)
Transferred to loss upon realization	**7**	**57,570**	-	**57,570**	-
Total comprehensive loss for the period		**$ (34,124)**	$ (425,140)	**$ (189,782)**	$ (962,729)

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, 2014	$ 13,900,748	$ 183,200	$ 3,058,880	$ 435,000	$ (17,587,500)	$ (85,070)	$ (94,742)
Shares issued on debt conversion	1,444,640	-	-	(435,000)	325,016	-	1,334,656
Shares issued pursuant to a private placement	50,000	-	-	-	-	-	50,000
Warrants expired	-	(1,200)	1,200	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	(152,566)	(262,106)
Net loss for the nine months ended January 31, 2015	-	-	-	-	(384,120)	-	(700,623)
Balance January 31, 2015	$ 15,395,388	$ 182,000	$ 3,060,080	$ -	$ (17,646,604)	$ (237,636)	$ 327,185
Other comprehensive income for the period	-	-	-	-	-	237,636	237,636
Net loss for the year	-	-	-	-	(752,477)	-	(752,477)
Balance April 30, 2015	$ 15,395,388	$ 182,000	$ 3,060,080	$ -	$ (18,399,081)	$ -	$ 238,387
Net loss for the nine months ended January 31, 2016	-	-	-	-	(189,782)	-	(189,782)
Balance January 31, 2016	**$ 15,395,388**	**$ 182,000**	**$ 3,060,080**	**$ -**	**$ (18,588,863)**	**$ -**	**$ 48,605**

See accompanying notes to the financial statements

DEBUT DIAMONDS INC.

Condensed Interim Statements of Cash Flows

Unaudited (Expressed in Canadian dollars)

For the nine months ended January 31,		2015		2014
Cash Flows From				
Operating activities				
Net loss for the period	**$**	**(189,782)**	$	(384,120)
Adjustments for				
Loss on value of warrants		**63,000**		63,000
Loss on disposal of marketable securities		**-**		69,769
(Increase) decrease in receivables		**(54,516)**		4,351
Decrease in prepaid expenses		**-**		4,158
Increase in trade and other payables		**7,647**		26,601
	$	**(173,651)**	$	(216,241)
Financing activities				
Increase in due to related party	**$**	**-**	$	114,805
Investing activities				
Sale of marketable securities	**$**	**143,925**	$	108,731
Purchase of marketable securities		**-**		(17,606)
	$	**143,925**	$	91,125
Decrease in cash and cash equivalents during the period	**$**	**(29,726)**	$	(10,311)
Cash and cash equivalents at beginning of the period		**35,829**		49,768
Cash and cash equivalents at end of the period	**$**	**6,103**	$	39,457

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 Securities 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 January 31, 2016 the Company has accumulated losses of $18,588,863 (April 30, 2015 - $18,399,081) 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 KWG Resources Inc. ("KWG"). KWG is the parent company of Debut and owns approximately 70% of its outstanding share capital as of January 31, 2016.

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 in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"), which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, as required by National Instrument 52-107 sec. 3.2(1)(b)(ii).

These financial statements were approved for issue by the Board of Directors on March 31, 2016.

(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:

2 BASIS OF PREPARATION (Cont'd)

(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 2015 audited financial statements and have been applied consistently to all periods presented in these financial statements.

4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT DISCLOSURES

The Company's risk exposures and the impact on the Company's financial instruments and capital management disclosures are set out in Note 4 to the 2015 audited financial statements.

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.

Unaudited (Expressed in Canadian dollars)

5 DETERMINATION OF FAIR VALUES (Cont'd)

(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:

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

	January 31, 2016		April 30, 2015		Fair Value
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Hierarchy Level
Financial assets:					
Marketable securities:					
Classified as FVTPL	$ 42,000	$ 42,000	$ 105,000	$ 105,000	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 January 31, 2016 and April 30, 2015, 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 11.

(b) Stock-based Compensation Transactions

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

6 CASH AND CASH EQUIVALENTS

	January 31, 2016	April 30, 2015
Cash	$ 6,103	$ 35,829
Cash and cash equivalents	**$ 6,103**	**$ 35,829**

Unaudited (Expressed in Canadian dollars)

7 MARKETABLE SECURITIES

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

	January 31, 2016	April 30, 2015
AFS:		
KWG Resources Inc.		
5,757,000 common shares (nil in 2016)		
Cost	$ -	$ 485,701
Unrealized loss	-	(341,776)
Fair value of KWG Resources Inc. shares	**$ -**	**$ 143,925**
FVTPL:		
KWG Resources Inc.		
21,000,000 warrants		
Cost	$ 1,428,000	$ 1,428,000
Unrealized loss	(1,386,000)	(1,323,000)
Fair value of KWG Resources Inc. warrants	**$ 42,000**	**$ 105,000**
Marketable securities	**$ 42,000**	**$ 248,925**

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. During the year ended April 30, 2015, the Company sold 2,100,000 of these shares for proceeds of $51,814 resulting in a loss of $126,686 and purchased 250,000 shares at a cost of $17,606. During the three months ended January 31, 2016 the Company sold the balance of these shares for cash proceeds of $87,747 resulting in a loss of $59,138.

Warrants

FVTPL assets 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 $63,000 to $42,000 during the nine months ended January 31, 2016.

Unaudited (Expressed in Canadian dollars)

7 MARKETABLE SECURITIES – (Cont'd)

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

	As at January 31, 2016	**As at April 30, 2015**
Expected dividend per share	Nil	Nil
Expected volatility	186.8%	140.4%
Risk-free interest rate	0.75%	1.00%
Expected life of the options granted	10 months	16 months
Calculated value per warrant	**$0.002**	**$0.005**

Sensitivity Analysis - Equity Price Risk

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 $4,200 (as at April 30, 2015 - $10,500).

8 RECEIVABLES

	As at January 31, 2016	**As at April 30, 2015**
Sales tax receivable	$ 6,600	$ 2,084
Due from KWG Resources Inc. (Note 11)	50,000	-
Receivables	**$ 56,600**	**$ 2,084**

9 EXPLORATION AND EVALUATION PROJECTS

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

	Balance as at January 31, 2016	Expenses during the period	Balance as at April 30, 2015	Expenses during the period	Balance as at April 30, 2014
Project					
McFadyen(a)	$ 3,697,161	$ -	$ 3,697,161	$ -	$ 3,697,161
Kyle(b)	3,205,671	21,500	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 Iniative(f)	30,525	-	30,525	-	30,525
Victor West(g)	241,104	3,758	237,346	30,041	207,305
Nakina project (h)	2,925,255	-	2,925,255	26,884	2,898,371
CCC Railway corridor (i)	458,379	-	458,379	-	458,379
	$12,308,553	$ 25,258	$12,283,295	$ 56,925	$12,226,370

9 EXPLORATION AND EVALUATION PROJECTS (Cont'd)

(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.

(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 nine 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. During the nine months ended January 31, 2015 the Company spent $29,472 on dismantling and closing down the camp on this project until financing is obtained for further work.

(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,

Unaudited (Expressed in Canadian dollars)

9 EXPLORATION AND EVALUATION PROJECTS (Cont'd)

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. During the nine months ended January 31, 2015 the Company spent $26,884 on staking additional claims on this project.

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

10 TRADE AND OTHER PAYABLES

	As at January 31, 2016	As at April 30, 2015
Trade payables:		
Non-project related	$ 44,098	$ 32,451
Accrued liabilities:		
Non-project related	12,000	16,000
Trade and other payables	**$ 56,098**	**$ 48,451**

11 RELATED PARTY DISCLOSURES

The Company defines its officers (CEO, CFO and corporate secretary) and directors as Key Management Personnel ("KMP"). During the nine months ended January 31, 2016, companies controlled by officers and directors charged consulting fees totaling $6,000 ($7,985 in 2015). At January 31, 2016, trade and other payables included $12,969 due to related parties ($6,189 at April 30, 2015).

Amounts due from KWG Resources Inc. (Note 8) consist of a non-interest bearing cash loan with no fixed terms of repayment.

12 SHARE CAPITAL

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

As at January 31, 2016 and April 30, 2015, the Company had 204,254,934 common shares issued and outstanding.

Unaudited (Expressed in Canadian dollars)

13 WARRANTS

A summary of the Company's outstanding warrants as at January 31, 2016 and April 30, 2015 is presented below:

Number of Warrants	Exercise Price	Expiry Date	Estimated Grant Date Fair Value
7,000,000	0.07	August 29, 2016	$182,000

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

14 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.

15 EXPLORATION EXPENSES

The Company's exploration expenses for the three and nine month periods ended January 31, 2016 and 2015 consist of the following:

	Three-month periods ended January 31		Nine-month periods ended January 31	
	2016	**2015**	**2016**	**2015**
Assaying and testing	21,500	-	21,500	-
Camp and support	628	(120)	3,320	28,135
Consulting fees	-	657	438	1,337
Staking	-	26,884	-	26,884
	22,128	27,421	**25,258**	56,356

Unaudited (Expressed in Canadian dollars)

16 GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for the three and nine month periods ended January 31, 2016 and 2015 consist of the following:

	Three-month periods ended January 31		Nine-month periods ended January 31	
	2016	**2015**	**2016**	**2015**
Accretion	-	37,533	-	112,598
Advertising and promotion	-	817	-	2,372
Filing fees	2,075	2,000	7,186	6,984
Insurance	1,695	2,079	5,084	6,237
Professional fees	5,812	14,359	27,528	44,544
Office and general	846	9,953	2,588	20,669
	10,428	66,741	**42,386**	193,404

17 COMMITMENTS AND CONTINGENCIES

(a) The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(b) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.