

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of CNSX Issuer: **Debut Diamonds Inc.** (the "Issuer").

Trading Symbol: **DDI**

Number of Outstanding Listed Securities: **53,390,934**

Date: **September 7, 2012**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**The Company signed an exploration agreement with Aroland First Nation for exploration work on its Nakina Project.**

**Consultation with Marten Falls First Nation for an agreement to permit exploration work in the northern portion of the Nakina Project area is still**

ongoing.

The Company received a 180 day 'Extension of Time' from the Optionor, of its 28 claim Nakina Option Agreement; to perform certain work as per the agreement.

Consultation with Attawapiskat First Nation for renewal of the company's MacFadyen Kimberlites Exploration Agreement is ongoing. The MacFadyen project is adjacent to the Victor Diamond mine, located 145 kilometers west of Attawapiskat Ontario.

All data received from laboratory geochemical analysis of the till samples along the Canada Chrome Rail Corridor are being plotted and subsequent to further analysis, a follow up program will be contemplated.

The Company announced its Annual and General Meeting will be held on Wednesday, October 31, 2012 at the offices of the Company at Suite 420, 141 Adelaide Street West, Toronto, Ontario at 11:00am.

2. Provide a general overview and discussion of the activities of management.

**Regular activities of management.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**Nakina Project – First Nation Consultation:** The Nakina Project falls within the traditional lands of Marten Falls First Nation and Aroland First Nation. The Company has been actively consulting with both Marten Falls and Aroland to negotiate agreements that will permit exploration work on the Company's mining claims. On August 23, 2012 the Company announced that its consultations with Aroland First Nation had concluded and that an exploration agreement has been signed. The company is now proceeding with early exploration work on Aroland Traditional Lands. The first phase of drilling represents an initial expenditure of \$750,000, with plans to drill test 20 high priority targets with a hollow stem auger capable of coring bedrock once it is reached; therefore enabling the identification of kimberlite. This will be followed immediately by a program utilizing a diamond drill to reach deeper targets. Each drill target was surveyed by Aroland Elders for the existence of any archaeological, sacred or cultural values. Debut is operator of the project. Consultation with Marten Falls First Nation for an agreement to permit exploration work on the traditional lands of Marten Falls, in the northern portion of the Nakina Project area, is on-going.

**Nakina Option - Extension of Time:** Under certain terms of the Company's 28 claim Nakina Option Agreement, Debut was to incur a total of \$750,000 in exploration expenditures within twelve months of signing the agreement (before August 19, 2012). However, 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 necessary time frame. The Company therefore requested an 'Extension of Time' from the Optionor, in order to fulfil its work commitment on the property. The Optionor has granted the Company a one hundred and eighty (180) day extension; and the work must now be completed by February 19, 2013.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned. **N/A**
5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**Aroland First Nation Exploration Agreement – An arms-length agreement between the Company and Aroland First Nation has been signed. The agreement formalizes protocols for a co-operative working relationship between Aroland and Debut and confirms the support of Aroland for the company's exploration activities and describes and acknowledges how certain project activities will be managed with respect to protection of cultural and environmental interests, direct employment and/or training opportunities, business opportunities for First Nation owned and/or designated companies, and open and ongoing Community consultation. The agreement also provides socio-economic benefits for the community of Aroland, by way of financial contribution in support of certain social and cultural programs.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced. **N/A**
7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or if the disposition was to a Related Person of the Issuer and provide details of the relationship. **N/A**

8. Describe the acquisition of new customers or loss of customers. **N/A**
9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks. **N/A**
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs. **N/A**
11. Report on any labour disputes and resolutions of those disputes if applicable. **N/A**
12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings. **N/A**
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness. **N/A**
14. Provide details of any securities issued and options or warrants granted.

**On August 27, 2012 the Company's Board of Directors granted 5,200,000 stock options exercisable at \$0.10 per share until September 25, 2016.**

**Nakina Option Payments: Under certain terms of the Company's arms-length, 28 claim Nakina Option agreement, signed on August 19, 2011, Debut is to pay the vendors an additional \$25,000 and issue 600,000 Debut shares in each of the following two years to exercise the option and acquire a 70% interest in the claims. As per the first anniversary date of August 19, 2012, Debut has made cash payment of \$25,000 and issued 600,000 shares from its treasury to the Optionor regarding its payment obligations under the agreement.**

15. Provide details of any loans to or by Related Persons.

**The Company continues to receive advances from KWG Resources Inc., its former parent, to fund administrative activities. There are no terms of repayment for these amounts and they will be repaid when the Company has sufficient cash flow to do so.**

16. Provide details of any changes in directors, officers or committee members.

**Martin Doyle was appointed to Debut Board of Directors.**

**Committees were formed:**

**Audit Committee - Douglas Flett, Bruce Reid and Luce Saint-Pierre.**

**Nominating and Governance Committee - Frank Smeenk and Chris Meraw.**

**Compensation Committee - Frank Smeenk, Theresa Hall and Martin Doyle.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Management has not identified any trends that would affect the issuer for the time being.**

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **September 7, 2012**

**Chris Meraw**

Name of Director or Senior Officer



Signature

**President**

Official Capacity

**Issuer Details**

Name of Issuer Debut Diamonds Inc.	For Month End August 31, 2012	Date of Report 12/09/07
Issuer Address 141 Adelaide Street West, Suite 420		
City/Province/Postal Code Toronto, ON M5H 3L5	Issuer Fax No. (416) 644-0592	Issuer Telephone No. (416) 642-3575
Contact Name Chris Meraw	Contact Position President	Contact Telephone No. 416-642-3575
Contact Email Address cm@kwgresources.com	Web Site Address www.DebutDiamonds.com	