

Brilliant Mining Corp.

Consolidated Financial Statements

For the three months ended December 31, 2010 and 2009

To the shareholders of Brilliant Mining Corp:

The interim consolidated financial statements of Brilliant Mining Corp. as at and for the three months ended December 31, 2010 and 2009, have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

Brilliant Mining Corp.
Consolidated Balance Sheets

As at	December 31 2010 <i>(unaudited)</i>	September 30 2010 <i>(audited)</i>
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 2,669,863	\$ 4,250,705
Proceeds receivable on sale of subsidiary (note 9)	254,500	248,325
Other receivables	22,951	112,591
Prepaid expenses and deposits	53,375	61,450
	<u>3,000,689</u>	<u>4,673,071</u>
Restricted cash (note 3)	25,000	25,000
Investments (note 9)	6,909,982	5,626,589
Loan to Ivory Resources Inc. (note 4)	1,500,000	-
Mineral interests (note 5)	1,901,245	1,891,245
Property, plant and equipment (note 6)	89,914	93,051
	<u>13,426,830</u>	<u>12,308,956</u>
Total assets	<u>\$ 13,426,830</u>	<u>\$ 12,308,956</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 78,240	\$ 94,748
Shareholders' equity	<u>13,348,590</u>	<u>12,214,208</u>
Total liabilities and shareholders' equity	<u>\$ 13,426,830</u>	<u>\$ 12,308,956</u>

Approved by the Board

Director (signed by) "John Williamson"

Director (signed by) "Sean Mager"

Brilliant Mining Corp.
Consolidated Statements of Net Loss

(unaudited)

Three months ended December 31	2010	2009
Revenue		
Interest	\$ 10,742	\$ 6,726
Other	-	5,943
	<u>10,742</u>	<u>12,669</u>
Expenses		
Advertising and promotion	61,620	31,149
Amortization	3,137	6,834
Conferences and travel	-	49,992
Filing fees	2,424	8,352
Management fees	69,786	72,182
Office and administration	65,392	90,875
Professional fees	26,761	43,626
Project generation	-	6,393
	<u>(229,120)</u>	<u>(309,403)</u>
	(218,378)	(296,734)
Other income (expenses)		
Foreign exchange	12,701	30,208
Unrealized loss on held for trading financial assets (note 9)	(330,901)	(529,901)
Net loss before income taxes	(536,578)	(796,427)
Future income taxes	<u>201,787</u>	<u>52,995</u>
Net loss for the period	<u>(334,791)</u>	<u>(743,432)</u>
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.02)

Brilliant Mining Corp.
Consolidated Statements of Changes in Shareholders' Equity

(In dollars, except number of common shares).

	Number of common shares (note 7)	Share capital	Contributed Surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
October 1, 2009	36,606,733	18,271,056	4,779,311	(10,486,799)	(1,377,301)	11,186,267
Net loss for the year ended September 30, 2010	-	-	-	(642,020)	-	(642,020)
Other comprehensive income:					684,850	684,850
Effect of change in fair value of available for sale investments (net of \$97,838 in future income taxes)	-	-	-	-	-	-
Comprehensive income						42,830
Exercise of stock options	125,000	143,249	(120,500)	-	-	22,749
Private placement	6,666,666	1,000,000	-	-	-	1,000,000
Return of stated capital	-	(48,638)	11,000	-	-	(37,638)
	6,791,666	1,094,611	(109,500)	(642,020)	684,850	1,027,941
September 30, 2010	43,398,399	19,365,667	4,669,811	(11,128,819)	(692,451)	12,214,208
Net loss for the three months ended December 31, 2010	-	-	-	(334,791)	-	(334,791)
Other comprehensive income:					1,412,507	1,412,507
Effect of change in fair value of investments (net of \$201,787 in future income taxes)	-	-	-	-	-	-
Comprehensive income						1,077,716
Exercise of warrants (note 7)	283,333	56,666	-	-	-	56,666
	283,333	56,666	-	(334,791)	1,412,507	1,134,382
December 31, 2010	46,681,732	19,422,333	4,669,811	(11,463,610)	720,056	13,348,590

Brilliant Mining Corp.

Consolidated Statements of Cash Flows

(unaudited)

Three months ended December 31	2010	2009
Operating activities		
Net loss	\$ (334,791)	\$ (743,432)
Adjustments for:		
Amortization	3,137	6,834
Unrealized gain on held for trading financial assets	330,901	529,901
Future income taxes	(201,787)	(52,995)
	<u>(202,540)</u>	<u>(259,692)</u>
Changes in non-cash working capital:		
Receivables	83,465	4,033
Accounts payable and accrued liabilities	(16,508)	(55,370)
Other current assets	8,075	12,775
	<u>(127,508)</u>	<u>(298,254)</u>
Cash used in operating activities		
Investing activities		
Loan to Ivory Resources Inc. (note 4)	(1,500,000)	-
Mineral interest expenditures	(10,000)	(14,325)
	<u>(1,510,000)</u>	<u>(14,325)</u>
Cash used in investing activities		
Financing activities		
Private placement	-	1,000,000
Cost of share issuance	-	(37,639)
Warrants exercised (note 7)	56,666	-
	<u>56,666</u>	<u>962,361</u>
Cash (used in) provided by financing activities		
Net increase (decrease) in cash	(1,580,842)	649,782
Cash, beginning of period	4,275,705	4,323,180
Cash, end of period	<u>\$ 2,694,863</u>	<u>\$ 4,972,962</u>
Cash is composed of:		
Cash and cash equivalents	\$ 2,669,863	\$ 4,947,962
Restricted cash	25,000	25,000
	<u>\$ 2,694,863</u>	<u>\$ 4,972,962</u>

The non-cash transaction described in note 7 has been eliminated from the consolidated statements of cash flows.

Brilliant Mining Corp.

Notes to the Consolidated Financial Statements

For the three months ended December 31, 2010 and 2009

(unaudited)

1. Nature of operations

Brilliant Mining Corp. ("Brilliant" or the "Company") was incorporated under the Alberta Business Corporations Act on October 1, 1998 and has its shares listed for trading on the TSX Venture Exchange. The Company is a resource Company with a grass roots exploration property in Labrador, Canada and is in search of undervalued resource opportunities.

2. Significant accounting policies

Future accounting pronouncements

Convergence with International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed that Canadian Generally Accepted Accounting Principles for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective for the Company's interim and annual financial statements beginning on October 1, 2011. The Company is currently evaluating the impact of the adoption of IFRS.

3. Cash and cash equivalents

Cash consists of cash on demand deposit with accredited financial institutions in Canada and Australia. The Company has provided \$25,000 (2009 - \$25,000) of cash as security to one of the Company's financial institutions for corporate credit card liabilities. This item has been classified as a non-current asset

4. Acquisition of Ivory Resources Ltd and private placement

On December 1, 2010, the Company announced a Memorandum of Understanding ("MOU") with an arm's length party whereby the Company intends to complete a private placement with a number of parties in conjunction with the acquisition of Ivory Resources Inc. ("Ivory") (the "Transaction"). The Transaction as contemplated in the MOU will require the issuance of approximately 92,592,592 units of the Company ("Units") at a price of \$0.27 per Unit, and approximately 9,259,259 common shares of the Company ("Common Shares") at a deemed price of \$0.27 per Common Share. The Units shall consist of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share at an exercise price of \$0.45 and expiring 24 months after closing of the Transaction. The precise number of Units and Common Shares to be issued is subject to change.

The aggregate cash amount expected to be received by the Company, both through its investment in Ivory and through the contemplated private placement of units, will be approximately \$23 Million, less cash expended by Ivory prior to completion of the Transaction.

The Company and the various parties to the Transaction are currently negotiating the remaining components of the transaction. The Transaction and its various component parts are subject to satisfactory due diligence, regulatory approval and may be subject to shareholder or disinterested shareholder approval, as determined by the relevant regulatory agencies.

As the Transaction has not yet been finalized, the Company is unable to determine the effects of the Transaction on the Company's consolidated financial statements.

Credit Facility Agreement

Brilliant and Ivory have entered into a credit facility agreement dated December 7, 2010 ("Credit Facility Agreement") under which Brilliant has loaned \$1,500,000 to Ivory. Ivory has issued a promissory note to Brilliant for \$1,500,000, bearing no interest and repayable on December 7, 2011, subject to extension in the sole discretion of the Company.

Brilliant Mining Corp.

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5. Mineral interests

Additions	Michikamau
Balance, September 30, 2009	\$ 1,876,920
Acquisition costs	10,000
Claims and land use	<u>4,325</u>
Balance, December 31, 2009 and September 30, 2010	1,891,245
Acquisition costs	10,000
Balance December 31, 2010	<u>\$ 1,901,245</u>

Balances (Michikamau)	2010	2009
Acquisition cost	\$ 88,155	\$ 78,155
Claims, land use and refundable deposits	145,495	145,495
Exploration	<u>1,667,595</u>	<u>1,667,595</u>
Total	<u>\$ 1,901,245</u>	<u>\$ 1,891,245</u>

The Company has taken steps to verify title to resource properties in which it has an interest. However, these procedures do not guarantee the Company's title as property title may be subject to unregistered prior agreements and potential non-compliance with exploration expenditure and reporting requirements.

Michikamau

On February 3, 2005, the Company signed a letter of agreement with Hunter Exploration Group to acquire a 100% interest in the Michikamau Project property in Labrador. Consideration for this acquisition consisted of a cash payment of \$27,960 representing a refundable deposit with the Newfoundland government; and the issuance of 200,000 units (one common share plus one common share warrant of the Company exercisable within two years at an exercise price of \$0.25) at a deemed price of \$0.115 per unit, which was equal to the approximate market value at that time.

The mineral interest is subject to a 2% net smelter royalty and the agreement requires advanced royalty payments of \$10,000 per year.

During the year ended September 30, 2006, the Company staked additional claims at the Michikamau property, which are 100% owned by the Company. During the years ended September 30, 2009 and 2008, the Company allowed several claims in the Michikamau claim group to lapse. The Company has retained the claim assessed to be of the highest prospectivity and has not written down the carrying value of the property.

Brilliant Mining Corp.

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6. Property, plant, and equipment**As at December 31, 2010**

	Cost	Accumulated Amortization	Net
Canadian operations			
Computer equipment	\$ 69,141	\$ 39,049	\$ 30,092
Office furniture and equipment	8,016	5,053	2,963
	<u>77,157</u>	<u>44,102</u>	<u>33,055</u>
Australian operations			
Buildings	52,318	1,396	50,922
Office furniture and equipment	22,950	17,013	5,937
	<u>75,268</u>	<u>18,409</u>	<u>56,859</u>
	<u>\$ 152,425</u>	<u>\$ 62,511</u>	<u>\$ 89,914</u>

As at September 30, 2010

	Cost	Accumulated Amortization	Net
Canadian operations			
Computer equipment	\$ 69,141	\$ 36,609	\$ 32,532
Office furniture and equipment	8,106	4,897	3,119
	<u>77,157</u>	<u>41,506</u>	<u>35,651</u>
Australian operations			
Buildings	52,318	1,658	50,660
Office furniture and equipment	22,950	16,210	6,740
	<u>75,268</u>	<u>17,868</u>	<u>57,400</u>
	<u>\$ 152,425</u>	<u>\$ 59,374</u>	<u>\$ 93,051</u>

Brilliant Mining Corp.

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7. Share capital

The Company's bylaws authorize an unlimited number of Class "A" common shares and an unlimited number of Class "B" preferred shares.

Private placement

On October 16, 2009, the Company closed on a non-brokered private placement of 6,666,666 units of the Company at a price of \$0.15 per Unit for gross proceeds of \$1,000,000. Each Unit consisted of one common share of the Company ("Common Share") and one non-transferable share purchase warrant ("Warrant") entitling the holder to acquire one additional Common Share at a price of \$0.20 per Common Share until October 15, 2014. The Company paid \$15,000 in finder's fees and issued non-transferable share purchase warrants to acquire an aggregate of 100,000 Common Shares on the same terms as the Warrants. The Company assigned the full amount of the proceeds to the Common Shares and none to the warrants.

Per share calculations

For the three months ended December 31, 2010, the basic and diluted weighted average number of common shares outstanding was 43,060,545 (2009 – 42,113,979). For the periods ended December 31, 2010 and 2009, the effect of stock options, warrants, and agents' warrants would be anti-dilutive as the Company was in a net loss position.

Warrants

The following table summarizes activity related to warrants:

	Three months ended December 31, 2010		Year ended September 30, 2010	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
Balance – beginning of period	6,666,666	0.20	-	-
Issued	-	-	6,666,666	0.20
Exercised	(283,333)	0.20	-	-
Balance – end of period	6,383,333	0.20	6,666,666	0.20

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The following table summarizes information about warrants outstanding:

As at December 31, 2010			As at September 30, 2010		
Number of warrants outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life Years	Number of warrants outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life Years
6,383,333	0.20	3.79	6,666,666	0.20	4.0

Agents' Warrants

The following table summarizes activity related to agents' warrants:

	Three months ended December 31, 2010		Year ended September 30, 2010	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Balance – beginning of period	100,000	0.20	-	-
Issued	-	-	100,000	0.20
Balance – end of period	100,000	0.20	-	-

The following table summarizes information about agents' warrants outstanding:

As at December 31, 2009			As at September 30, 2009		
Number of agents' warrants outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life Years	Number of agents' warrants outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life Years
100,000	0.20	3.8	100,000	0.20	4.0

On October 16, 2009, the Company issued non-transferable share purchase warrants to acquire an aggregate of 100,000 Common Shares on the same terms as the Warrants issued in the private placement closing on the same date as previously described. The estimated share issuance cost related to the 100,000 stock agents' warrants granted on October 16, 2009 was calculated using the Black Scholes option pricing model using the following weighted average grant-date assumptions: grant date stock price \$0.17; risk free interest rate 2.78%; expected volatility 80.0%, and expected annual dividends of 0%.

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Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted.

A summary of stock option activity is as follows:

	Three months ended December 31, 2010		Year ended September 30, 2010	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Balance – beginning of period	3,522,500	0.15	3,647,500	0.15
Exercised	-	-	(125,000)	0.18
Expired	(67,500)	0.32	-	-
Balance – end of period	3,455,000	0.15	3,522,500	0.15

The following table summarizes information about stock options outstanding:

Number of options outstanding #	Weighted average exercise price \$	As at December 31, 2010		Number of options outstanding #	Weighted average exercise price \$	As at September 30, 2010	
		Weighted average remaining contractual life Years				Weighted average remaining contractual life Years	
-	-	-		67,500	0.32	0.1	
67,500	0.15	0.5		67,500	0.15	0.8	
1,475,000	0.15	0.8		1,475,000	0.15	1.0	
12,500	0.15	1.3		12,500	0.15	1.6	
275,000	0.15	1.8		275,000	0.15	2.0	
400,000	0.15	1.9		400,000	0.15	2.1	
1,175,000	0.15	3.5		1,175,000	0.15	3.7	
50,000	0.15	3.7		50,000	0.175	3.9	
3,455,000	0.15	1.96		3,522,500	0.15	2.1	

Brilliant Mining Corp.

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8. Related party transactions

During the three months ended December 31, 2010, the Company incurred management consulting fees included in management fee expenses of \$69,786 (2009 - \$55,438) to directors and officers or companies controlled by directors. All amounts were fully paid at December 31, 2010 and 2009.

At December 31, 2010 the Company had accounts payable to companies with common directors in the amount of \$2,352 (September 30, 2010 - \$88,281) relating to the reimbursement of shared office, staff, and administrative costs. The amounts were paid subsequent to December 31, 2010 and September 30, 2010.

These amounts are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties based on standard commercial terms.

9. Financial instruments

Available for sale financial instruments

Investments

During the year ended September 30, 2008, the Company acquired marketable securities for a gross cost of \$2,258,910. This investment has been classified as available-for-sale; consequently the investment is carried at its fair value (with reference to the quoted stock exchange price (Level 1)) with unrealized gains and losses recognized as a component of other comprehensive income. The fair value of the marketable securities at December 31, 2010 was \$3,081,834 (September 30, 2010 - \$1,467,540). The change in fair value of these marketable securities has been recorded, net of future income taxes, as a component of other comprehensive income on the statement of changes in shareholders' equity.

Held for trading financial instruments

Investments

In the year ended September 30, 2009 the Company was issued stock options in Panoramic Resources Ltd. ("Panoramic") as partial consideration for a transaction with Panoramic. The Panoramic stock options issued to the Company, were initially recognized at their estimated fair value of \$370,321 as determined using the Black Scholes option pricing model. The Panoramic stock options consist of 3,000,000 unlisted options to purchase ordinary shares of Panoramic at AUD 1.50 per share, until December 31, 2012. At December 31, 2010, the estimated fair value of the Panoramic stock options is \$3,828,148 (September 30, 2010 - \$4,159,049). The unrealized loss of \$330,901 during the three months ended December 31, 2010 has been recognized in the consolidated net loss for the period. The assumptions used in the calculation of the fair value of the Panoramic stock options at December 31, 2010 are as follows: stock price \$2.57; risk free interest rate 1.66%; expected volatility 47%, and expected annual dividends of 0%.

The following table shows a reconciliation of movements in fair value of the Panoramic Options categorized within level 3 for the period ended December 31, 2010 and the year ended September 30, 2010.

	2010	2009
Opening Balance	\$ 4,159,049	\$ 3,765,479
Unrealized gain (loss) on held for trading financial assets (included in net income/loss)	<u>(330,901)</u>	<u>393,570</u>
Closing Balance	<u>\$ 3,828,148</u>	<u>\$ 4,159,049</u>

During the periods ended December 31, 2010 and 2009, there were no transfers of instruments between level 1, 2 or 3.

Brilliant Mining Corp.

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Fair value

Due to their short term nature, the fair value of cash and cash equivalents, receivables, restricted cash, and accounts payable and accrued liabilities are assumed to approximate carrying values.

Investments are presented on the consolidated balance sheet at their fair value.

Capital management

The Company's capital consists of share capital.

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company may also utilize debt facilities or instruments, including convertible debt instruments, for capital management.

The Company may, from time to time, invest capital that is surplus to immediate operational needs in short-term, liquid, and highly rated financial instruments held with major financial institutions, or in marketable securities.

Risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had approximately \$2.67 Million in cash and cash equivalents at December 31, 2010, on which it may earn variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is deemed to be immaterial to management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, and accounts receivable.

The Company has assessed its exposure to credit risk and has determined that such risk is minimal. The Company's cash and cash equivalents are held with financial institutions in Canada and Australia. Cash and cash equivalents held with the Company's Canadian financial institution are guaranteed in full by the Crown in Right of Alberta. A substantial amount of the Company's receivables is due from an agreement in the year ended September 30, 2009 with Panoramic for the sale of a subsidiary. Subsequent to December 31, 2010 the Company entered into a settlement agreement with Panoramic and has received the outstanding balance receivable of AUD 250,000. The Company has determined that no significant risks exist from these concentrations of credit.

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Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

The Company maintains its cash reserves primarily in Canadian Dollars. Some cash may be denominated in various other currencies, and is therefore subject to fluctuations in foreign exchange rates. The effect of exchange rate movements on the Company's cash and other working capital balances is not considered material by management. The Company's corporate costs and share capital, as well as the Company's reporting currency, is in Canadian Dollars.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

As at December 31, 2010, the Company has consolidated working capital of \$2,916,274, and does not have any long-term liabilities. As such the Company has determined that its liquidity risk is nominal.

10. Comparative figures

These consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.