

**Brilliant Mining Corp.**

**Notice of Non-review of Interim Financial Statements**

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The attached interim financial statements for the three month period ended December 31, 2004 have not been reviewed by the company's auditors.

Interim Financial Statements of

**Brilliant Mining Corp.**

Three months ended December 31, 2004

(unaudited)

**Index to Interim Financial Statements**

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**BRILLIANT MINING CORP.**

December 31, 2004

(unaudited)

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Interim Statement of Loss and Deficit

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**BRILLIANT MINING CORP.**

Three months ended December 31, 2004

(unaudited)

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	December 31, 2004 (3 months)	December 31, 2003 (3 months)
<b>EXPENSES</b>		
Professional fees	\$ 10,868	\$ 3,000
Management fees	6,000	-
Corporate fees	3,679	-
Office and sundry	15	791
Telephone and utilities	(566)	925
Rent	-	6,800
Amortization	-	95
<b>LOSS FROM OPERATIONS</b>	<b>19,996</b>	<b>11,611</b>
<b>OTHER INCOME</b>		
Interest	56	128
<b>NET LOSS</b>	<b>19,940</b>	<b>11,483</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>491,741</b>	<b>397,553</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$ 511,681</b>	<b>\$ 409,036</b>
<b>LOSS PER SHARE (Note 7)</b>	<b>\$ 0.003</b>	<b>\$ 0.002</b>

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Interim Balance Sheet

**BRILLIANT MINING CORP.**

December 31, 2004

(unaudited)

**ASSETS**

CURRENT ASSETS

	December 31, 2004	September 30, 2004
Cash	\$ 49,439	\$ 58,419
GST receivable	6,032	4,236

	55,471	62,655
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MINERAL INTERESTS (Note 2)

	555,034	555,034
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	\$ 610,505	\$ 617,689
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**LIABILITIES AND  
SHAREHOLDERS'  
EQUITY**

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 23,763	\$ 17,427
Advances from director (Note 3)	28,364	21,944

	52,127	39,371
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CONTINGENCY (Note 4)

SHARE CAPITAL (Note 5)	964,048	964,048
CONTRIBUTED SURPLUS (Note 6)	106,011	106,011
DEFICIT	(511,681)	(491,741)

	558,378	578,318
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	\$ 610,505	\$ 617,689
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APPROVED BY THE BOARD

(signed) "Sean Mager" \_\_\_\_\_ Director

(signed) "John Williamson" \_\_\_\_\_ Director

Interim Statement of Cash Flow

**BRILLIANT MINING CORP.**

Three months ended December 31, 2004

(unaudited)

	December 31, 2004 (3 months)	December 31, 2003 (3 months)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (19,940)	\$ (11,483)
Adjustments for items not affecting cash:		
Amortization	-	95
	(19,940)	(11,388)
Changes in non-cash working capital items		
GST receivable	(1,796)	(733)
Prepaid expenses	-	(663)
Accounts payable and accrued liabilities	6,336	(2,176)
	(15,400)	(14,960)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Exploration costs paid	-	(1,059)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from director	6,420	128
<b>NET INCREASE IN CASH</b>	<b>(8,980)</b>	<b>(15,891)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>58,419</b>	<b>105,387</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 49,439</b>	<b>\$ 89,496</b>
Cash and cash equivalents is comprised of the following:		
Cash (Bank indebtedness)	\$ 49,439	\$ (468)
Term deposit due February 4, 2004 @ 1.75%	-	89,964
	<b>\$ 49,439</b>	<b>\$ 89,496</b>

Notes to the Interim Financial Statements

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**BRILLIANT MINING CORP.**

December 31, 2004

(unaudited)

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**Note 1**  
General

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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 principal business of the company is the evaluation, acquisition and development of mineral properties and is considered to be in the exploration stage with respect to its mineral properties. The company has not yet determined whether these properties contain precious mineral reserves that are economically recoverable and the Company is not presently carrying on active exploration efforts on certain of its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and ultimately upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown in Note 2 represent costs to date for property acquisition and exploration expenditures and do not necessarily reflect present or future values.

The information presented for the three months ended December 31, 2004 has been presented in accordance with the accounting standards for interim financial reporting. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual audited financial statements. These interim financial statements should be read in conjunction with the annual audited financial statements for the year ended September 30, 2004.

**Note 2**  
Mineral Interests

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Deferred exploration costs on the Medley River property consist of the following:

	December 31, 2004 (3 months)	September 30, 2004 (12 months)
Balance, beginning of period	\$ 555,034	\$ 548,811
Exploration expenditures	-	6,223
Balance, end of period	<u>\$ 555,034</u>	<u>\$ 555,034</u>
Comprised of:		
Acquisition costs	\$ 150,000	\$ 150,000
Exploration costs	405,034	405,034
	<u>\$ 555,034</u>	<u>\$ 555,034</u>

Notes to the Interim Financial Statements

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**BRILLIANT MINING CORP.**

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(unaudited)

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**Note 2**  
Mineral Interests  
(continued)

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**Medley River Property**

Pursuant to an agreement dated March 19, 1999 and an amending agreement dated August 30, 2000 with a former director and a company controlled by a former director, the Company entered into an option agreement to acquire a 100% working interest, subject to certain royalty interests, in a mineral resource property in the Cold Lake, Alberta area.

No amortization of the above-noted deferred exploration costs has yet been recorded in the accounts.

The recoverability of the deferred costs is dependant upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to complete the exploration and development work and future profitable production or, alternatively, upon disposition of such properties.

**Note 3**  
Advances from  
Director

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The advances are due on demand, bear no interest, are unsecured and have no specified terms of repayment. Due to the demand nature of the advances, the balance has been classified as current.

**Note 4**  
Contingency

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As at September 30, 2003 the Company was being sued by a supplier for the amount of \$10,753 in lost equipment. Management is currently defending the action and the outcome is undeterminable at this time, and accordingly, no provision has been made in the Company's accounts.

## Notes to the Interim Financial Statements

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### BRILLIANT MINING CORP.

December 31, 2004

(unaudited)

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#### Note 5 Share Capital

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##### Authorized:

- Unlimited number of Class A Common shares
- Unlimited number of Class B Preferred shares

##### Class A shares issued:

	Number of Shares	Amount
	<u>          </u>	<u>          </u>
Balance, beginning and end of period:		
Issued for cash	4,621,664	\$ 903,000
Issued for mineral properties	1,850,000	175,000
Issued for services	100,000	40,000
Issued for debt	83,333	20,000
	<u>6,654,997</u>	<u>1,138,000</u>
Cost of issuing shares	-	(173,952)
	<u>6,654,997</u>	<u>\$ 964,048</u>

There were no share issuances during the current interim period or in the comparative three month period ended December 31, 2003.

As at December 31, 2004, 675,000; (September 30, 2004 - 1,350,000) issued common shares are held in escrow and shall be released in accordance with the policies of the Alberta Securities Commission and TSX Venture Exchange. All shares held in escrow have been deposited with an escrow agent pursuant to an escrow agreement.

##### Stock-Based Compensation

Pursuant to a Stock Option Agreement dated March 24, 2004, the Corporation has granted stock options for a total of 665,000 common shares to directors, officers and key employees. These options have no vesting period and may be exercised within five years from the date of grant or one year following the date the optionee ceases to be a director or officer of the Corporation by reason of death or 30 days for any reason other than death at a price of \$0.13 per common share.

Notes to the Interim Financial Statements

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**BRILLIANT MINING CORP.**

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**Note 5**  
Share Capital  
Continued...

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During the previous fiscal year, the Company recorded stock-based compensation relating to the above-noted 665,000 options in the amount of \$33,250 as an expense in the statement of loss and an increase to contributed surplus. The compensation expense was determined based on the fair value of the options and certain assumptions as at the grant date, as disclosed in the September 30, 2004 annual financial statements. The previously recorded fair value of options are not subsequently adjusted for changes in the market price or volatility of the company's shares, remaining life of the options, changes in the dividend rate or the risk-free interest rate.

**Note 6**  
Contributed Surplus

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	December 31, September 30,	
	2004	2004
Foregiveness of debt with related party	\$ 72,761	\$ 72,761
Fair value of stock-based compensation	33,250	33,250
	<u>\$ 106,011</u>	<u>\$ 106,011</u>

**Note 7**  
Loss Per Share

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Basic net loss per common share is determined by dividing the net loss available to common shareholders as reported in the Statement of Loss by the average daily number of common shares outstanding for the period. Under the treasury stock method used for calculating diluted earnings per share, there is no material dilutive effect on net loss per common share as a result of stock options granted by the Company.

## Notes to the Interim Financial Statements

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### BRILLIANT MINING CORP.

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(unaudited)

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#### Note 8

#### Income Taxes

As at the last fiscal year ended September 30, 2004, the company had non-capital income tax losses carried forward for tax purposes aggregating to \$485,742, which are available for the reduction of future years' taxable income. The losses expire as follows:

2006	\$ 99,634
2007	83,508
2008	46,571
2009	91,704
2010	102,527
Thereafter	61,798
	<u>\$ 485,742</u>

No income tax expense or recovery is recorded in these financial statements as the benefit of income tax losses has not been recognized. No future tax asset has been recorded for the tax loss carryforwards; a valuation allowance has been made, reflecting management's assumption that the tax assets, more likely than not, will not be realized.

#### Note 9

#### Related Party Transactions

During the period, the company entered into the following related party transactions:

(a) Paid or accrued management fees to a company controlled by a director and officer of the Company in the amount of \$6,000; (December 31, 2003 - nil).

(b) Paid rent to a shareholder and former director of the Company in the amount of nil; (December 31, 2003 - \$6,800). The underlying lease agreement was terminated during the previous fiscal year.

The above-noted transactions were incurred in the normal course of operations and have been recorded at the exchange amounts agreed to between the parties.

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**BRILLIANT MINING CORP.**

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**Note 10**

**Subsequent Events**

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**a) New financing**

On January 18, 2005 the Company closed a non-brokered private placement of 2,500,000 units at a price of \$0.10 per unit, for aggregate proceeds of \$250,000. Each unit consists of one common share and one share purchase warrant, which entitles the holder to acquire one additional common share at a price of \$0.20 per share within two years of issuance.

**(b) Additional stock options granted**

The Corporation announced on February 4, 2005 that, pursuant to the rolling Incentive Stock Option Plan as approved by shareholders at their last Annual General and Special meeting, the Corporation will issue 250,000 additional stock options. Of these options, 220,000 will be granted to directors and officers of the Corporation with the remaining 30,000 to consultants. These options may be exercised within five years from the date of grant, or earlier as contemplated under the approved plan, at an exercise price of \$0.115 per common share.

**(c) Mineral interest acquisition - Nunavut**

On January 7, 2005 the Company signed an agreement with Falconbridge Limited to acquire a 100% interest in 15 prospecting permits in the Chesterfield Property in Nunavut. To acquire this mineral interest the company must incur \$1 million in exploration expenditures on the property by November 30, 2008, including the requirement to stake and then maintain annual assessment work on certain specified claims as well as certain specified survey and drilling programs.

The mineral interest is subject to a 1% net smelter royalty on gold deposits, a 2.5% net smelter royalty on base metal deposits and 1% gross overriding royalty on diamond deposits to the vendor as well as certain earn-in rights and a right of first refusal to the vendor.

**(d) Mineral interest acquisition - Labrador**

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 consists of:

- a) cash payment of \$27,960 representing a potentially refundable deposit with the Newfoundland government; and
- b) issuance of 200,000 units (one common share plus one common share warrant) of the Company within two years at an exercise price of \$0.25.

The mineral interest is subject to a 2% net smelter royalty and the agreement requires advanced royalty payments of \$10,000 per annum, commencing October 1, 2006.