



Management's Discussion and Analysis
For the year ended September 30, 2008

Containing information up to and including January 16, 2009

Brilliant Mining Corp.
Annual Management Discussion and Analysis
For the year ended September 30, 2008

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Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited annual consolidated financial statements of Brilliant Mining Corp. and the notes thereto for the years ended September 30, 2008 and 2007 (the "Financial Statements"). Consequently, the following discussion and analysis of the results of operations and financial condition for Brilliant Mining Corp. ("Brilliant", "BMC" or the "Company"), should be read in conjunction with the Financial Statements which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

GENERAL

Brilliant Mining Corp. (BMC: TSXV) is a junior resource company and reporting issuer in the Provinces of Alberta and British Columbia. Its principal business is the acquisition, exploration, development and mining of mineral properties.

The Company was incorporated under the Alberta Business Corporations Act on October 1, 1998, and commenced trading May 17, 2002, pursuant to an Initial Public Offering Prospectus dated January 2, 2002. New management was appointed in 2003 and the corporate strategy was redefined in 2004 to focus on world-wide generation of nickel opportunities with superior conceptual and technical merit.

In 2005, project generation and acquisition activities resulted in 100% ownership of two nickel exploration projects in Canada, including the Michikamau property in central Labrador.

In the year ended September 30, 2006, the Company acquired all of the issued and outstanding shares of a private Australian company, Donegal Resources Pty Ltd., along with its wholly owned subsidiaries Donegal Mining Pty Ltd. and Donegal Lanfranchi Pty Ltd. (collectively, "Donegal".) Donegal Lanfranchi Pty Ltd. has a 25% interest in the unincorporated Lanfranchi Joint Venture ("LJV") consisting of a producing nickel mine property on an approximately 50 km² contiguous mineral tenement package ("Tramways tenements") in Western Australia. Pursuant to the acquisition of Donegal, the Company met the requirements to graduate from Tier 2 to Tier 1 of the TSX Venture Exchange effective July 10, 2006.

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OVERVIEW OF OPERATING RESULTS

The Company acquired its 25% interest in the Lanfranchi Nickel Mine on May 25, 2006. During the years ended September 30, 2006, 2007 and 2008, the Company invested \$13.8 million in the Lanfranchi Joint Venture to develop the Lanfranchi Mine, which directly contributed to the project's Measured and Indicated Mineral Resources growing from 54 to 255 million lbs; Probable Ore Reserves increasing from 48 to 146 million lbs; and mine production levels ramping up from 800,000 lbs to 2.1 million lbs per month of contained Ni metal with the commencement of mining from the high grade Winner and Deacon ore bodies. During this time the Company also received proceeds of \$14.3 Million on share issuances due to the exercise of warrants and options. In addition, the Company repaid \$10.7 million in debt and lease obligations eliminating its convertible debenture and bank debt, and settled forward sales contracts inherited with the Lanfranchi acquisition.

These positive results were achieved during a period of extreme market volatility, with nickel prices running up from USD 6.50/lb to USD 24.50/lb Ni and back down to USD 7.25/lb Ni; while AUD:USD exchange rates ran up from 0.74 to 0.97 and back down to 0.80. Subsequent to year end, market deterioration has continued with nickel prices dipping below USD 4.00/lb Ni before recovering around USD 5.00 / lb Ni and AUD:USD exchange rates touching 0.60 before resettling at 0.66.

During 2007, revenue from record nickel prices as revenue was offset by losses on nickel contracts inherited with the initial acquisition, resulting in net losses before income taxes of \$11.2 million. During 2008, record production was counteracted by falling nickel prices resulting in an operating margin of only \$2.3 million. The net result was that the Company's cash position decreased by \$3.9 million in 2007 and by a further \$3 million in 2008, leaving working capital of \$7.2 million at September 30, 2008 (excluding working capital of the Lanfranchi Joint Venture). With nickel prices below US\$5.00 per pound during the period subsequent to year end, operations have further reduced working capital to \$4.8 million at December 31, 2008 (excluding the working capital of the Lanfranchi Joint Venture).

For 2009, assuming an AUD:USD exchange rate of 0.7, the breakeven point for cash flow from operations at the Lanfranchi Nickel Mine, including leases, capital items and project overhead, is forecast to be USD 5.00/lb Ni under the existing mine schedule and budget. However, unfavourable movements in the currency exchange rates, nickel prices, or production targets may require the Company's Australian operations to be subsidized by the Canadian parent, possibly requiring debt or equity financing.

The continuing global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity without any assurance that capital will be available as necessary to meet the Company's cash requirements or, if capital is available, that it will be on terms acceptable to the Company. The issuance of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success of the Company may be adversely affected.

In order to reduce the likelihood of financing, Management is diligently working with the Company's joint venture partner at the Lanfranchi Nickel Mine to determine budgetary priorities to mitigate the consequences of nickel prices which have declined significantly compared to the two preceding financial years. One such determination is the recent commencement of a major cost savings initiative by the Lanfranchi Joint Venture that is expected to lower overall costs resulting in expanded margins beyond projected levels.

HIGHLIGHTS FOR THE YEAR ENDING SEPTEMBER 30, 2008 AND SUBSEQUENT

Brilliant Mining Corp. Financial results – Year ended September 30, 2008

- Net income of \$2.8 Million realized for the year ended September 30, 2008. (2007 – net loss of \$9.0 Million)
- \$6.9 Million in capital expenditures at the Lanfranchi Nickel Mine for the year ended September 30, 2008. (2007 - \$5.3 Million)
- Retired the \$5 Million convertible debenture issued as partial consideration to the vendors of Donegal without share dilution

Quarterly and Annual Production, Lanfranchi Mine, WA (100% Basis)

- 10% increase in Ni metal over previous Quarter from production of 81,634 tonnes of ore grading 2.93% Ni for 2,394 tonnes (5.3 million lbs) of Ni metal
- 118% increase in Ni metal over comparative 2007 Quarter
- 71% increase in Ni metal over comparative 2007 12-month period from production of 314,864 tonnes of ore grading 2.73% Ni for 8,599 tonnes (19.0 million lbs) of Ni metal

Payable Nickel to Brilliant from Quarterly and Annual Production

- Record Payable Ni metal received by Brilliant for the Quarter totalling 355 tonnes (781,481 lbs) Ni.
- 130% increase in Ni metal over comparative 2007 Quarter
- 73% increase in Ni metal over comparative 2007 12-month period from Payable Ni of 716 tonnes (1.6 million lbs) of Ni Metal

Operating Unit Cost Reductions Achieved at the Lanfranchi Mine, WA

- 14% decrease to US\$3.61/lb Payable Nickel Operating Unit Costs compared to the June 2008 Quarter due to increased economies of scale and a more favorable exchange rate.
- 23% decrease relative to the comparative Quarter for 2007
- 13% decrease relative to the comparative 12-month period for 2007

Production Forecast for 2008/09 at the Lanfranchi Mine, WA

- An optimization analysis of the 2008/09 mine budget and schedule was initiated to address the decrease in Ni price. A revised detailed production mine plan is currently underway with a completion target during the first quarter 2009.

Mineral Reserves at the Lanfranchi Mine, WA (100% Basis)

- 2.7 million tonnes of ore grading 2.42% Ni for 146.1 million lbs of Ni metal in Reserves
- 8% or 10.9 Million Lbs contained Ni Metal increase in Ore Reserves at June 30, 2008 Year-on-Year, taking into account the July07–June08 (“2007/08”) 12 months of depletion from production metal

Mineral Resources as at Dec. 31, 2008 – Tramways Tenements, WA (100% Basis)

- A revised Mineral Resource estimate reported a 39% increase in the Indicated Mineral Resource category at Deacon to 2.44 Mt at 2.93% for 71,400t (157.4 MLbs) of Ni metal
- A corresponding upgrade to the Lanfranchi Project global Mineral Resource was estimated at 4.14 Mt at 2.63% for 108,900t (240.1 MLbs) of Ni metal in the Indicated category.

Surface Exploration Drill Program at the Tramways Tenements, WA

- 2008 drill program recently completed and awaiting report
- Northern Dome Drill Area – drilling continues to provide strong evidence of the potential for the area as demonstrated by the discovery of an overturned target horizon, the identification of two high priority nickel channel facies corridors and the drill intersection of multiple high grade nickel sulphide intervals.

BACKGROUND ON AUSTRALIAN OPERATIONS

Acquisition of Donegal Resources and 25% Interest in Lanfranchi Nickel Mine, Western Australia

On May 25, 2006, Brilliant announced the acquisition of Donegal Resources Pty Ltd, a private Australian company, and its wholly owned subsidiaries (“Donegal”) from Ian Junk and Leigh Junk (collectively, the “Vendors”), both of whom were at arm’s length to Brilliant. The Junks currently reside in Perth, Western Australia, and are active members of the Board.

Lanfranchi Joint Venture (LJV)

Donegal owns a 25% interest in the Lanfranchi Joint Venture (“Lanfranchi JV”, “LJV”), which indirectly owns the Lanfranchi Nickel Mine together with associated infrastructure, mining leases and mineral claims located in the Tramways area of the world-class Kambalda Nickel Province in the Eastern Goldfields Region of Western Australia. The remaining 75% interest in the Lanfranchi JV is owned by Panoramic Resources Ltd., an Australian public company that is at arm’s length to both Brilliant and the Vendors.

Tramways Tenements and Historical Production

The Tramways Tenement package consists of 37 mineral leases over 50 km² and is host to the producing Lanfranchi Nickel Mine. The Tramways Tenements are located in the world-class Kambalda Nickel District in Western Australia that has produced over 1,000,000 tonnes of nickel metal (35Mt @ 3% Ni) with the Lanfranchi Mine being one of the most significant contributors, producing around 10% of the total nickel metal from the district. Historic production at the Lanfranchi Mine has totaled 3.17Mt at an average grade of 3.18% Ni (100,900 tonnes of nickel metal) over 14 years of underground mining from 1987 to 2002.

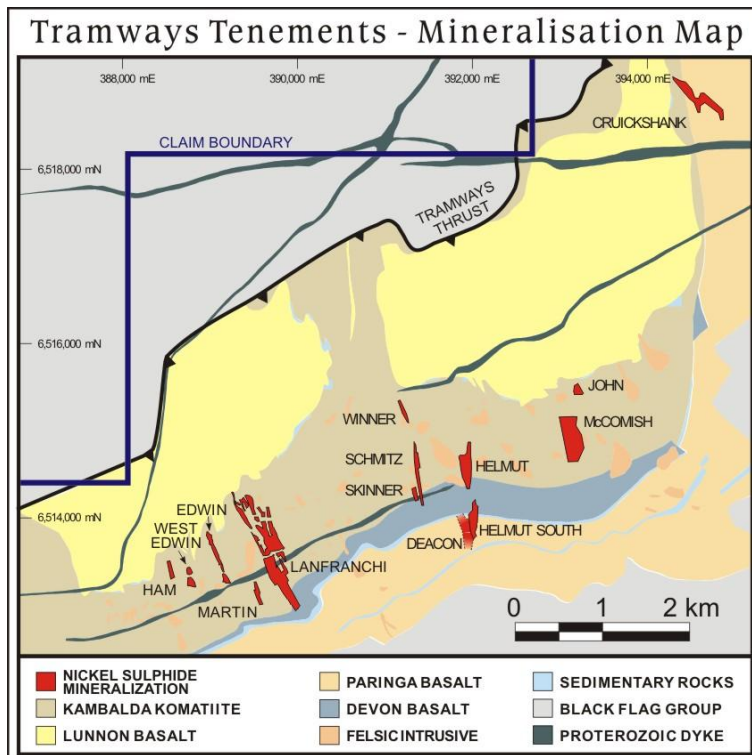


Figure 1: Tramways Tenements map showing nickel sulphide channels, geology and claim boundary

Lanfranchi Nickel Mine Re-commissioned in September 2005

The LJV delivered its first ore from the newly developed high-grade Helmut South ore body in September 2005 with production ‘ramp up’ continuing on track to attain target levels. Along with the initial production from Helmut South, the Lanfranchi JV is now sourcing ore from the Winner, Deacon and Lanfranchi orebodies and completed detailed mine plans in order to access ore from the Schmitz orebody.

Reporting Periods

The fiscal period varies between the two jurisdictions in which the Company primarily operates. The Canadian operations and corporate reporting period reports on a September year end whereas the Australian mine schedule and budget is in accordance with a June year end. Best attempts have been made to address and align the information between these differing reporting periods to the Company’s fiscal period, but certain Australian mine operation procedures are distinct and remain resolute to the June-centric year end period. Items such as mine schedule, mine budget, Mineral Resources and Reserves are annually updated in June and are reported as such herein. On a periodic basis, through a direct result from mine operations, extraordinary updates outside of the normal course will be performed and are reported as such (ie. delineation of new Mineral Resources/Reserves from exploration).

Mineral Resources and Reserves

Mineral Resources and Mineral Reserves unless stated otherwise are quoted on a 100% gross basis. The quantity of Mineral Resources and Reserves attributable to the Company is in proportion to the Company’s 25% participating interest in the venture.

Following the completion of 7,844 metres of additional infill and down-plunge extensional drilling at Deacon, a revised Mineral Resource estimate reported a 39% increase in the Indicated Mineral Resource category to 2.44 Mt at 2.93% for 71,400t (157.4 MLbs) of Ni metal (See Table 1). This represents almost total conversion of Inferred to Indicated Mineral Resource. The revised Deacon Mineral Resource estimate has correspondingly upgraded the Lanfranchi Project global Mineral Resource estimate to 4.14 Mt at 2.63% for 108,900t (240.1 MLbs) of Ni metal in the Indicated category.

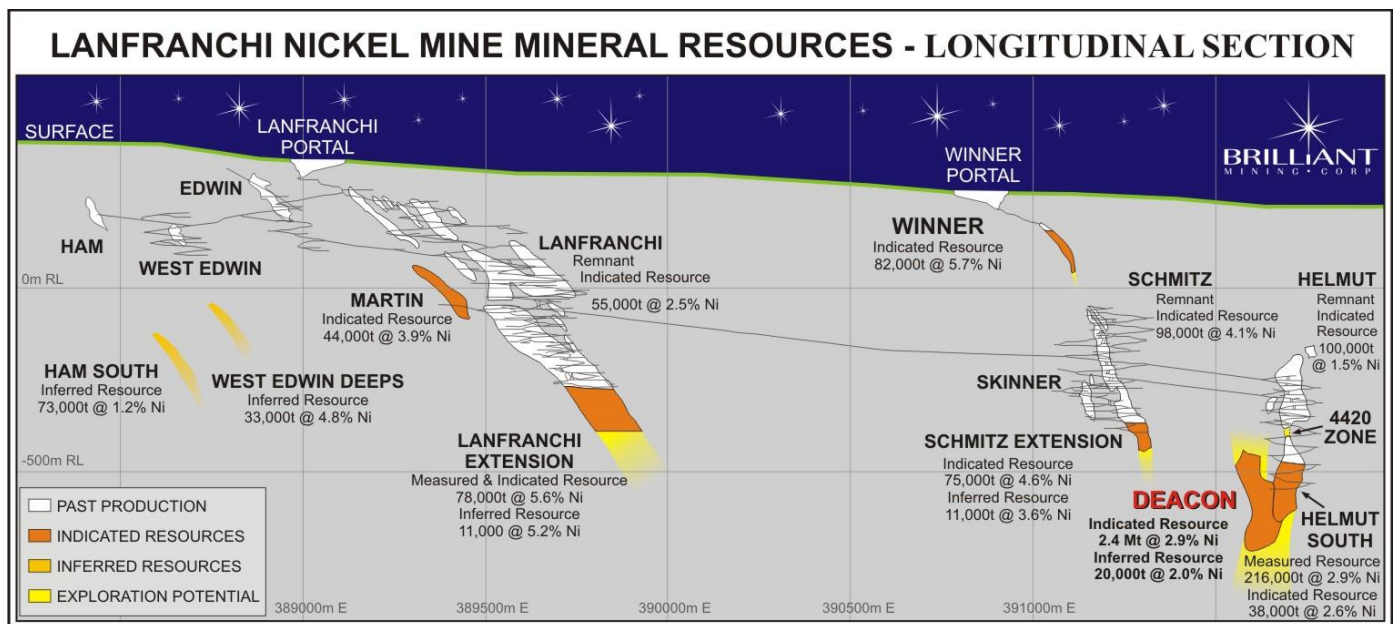


Figure 2: Lanfranchi Mine Long Section showing Ni sulphide channels with Mineral Resources (100% basis)

Table 1 - Summary of Lanfranchi Resources as of Dec 31, 2008 (100% Basis)

Resource	Category	As at December 31 2008				As at June 30 2008			
		Tonnes	Ni	Ni Metal		Tonnes	Ni	Ni Metal	
		(,000)	(%)	(tonnes)	(Mlbs)	(,000)	(%)	(tonnes)	(Mlbs)
Deacon	Indicated	2,440	2.93	71,400	157.4	1,783	2.88	51,365	113.2
	Inferred	20	2.03	400	0.9	460	2.64	12,186	26.9
Helmut South	Measured	216	2.85	6,172	13.6	216	2.85	6,172	13.6
	Indicated	38	2.58	973	2.1	38	2.58	973	2.1
Winner	Indicated	82	5.67	4,673	10.3	82	5.67	4,673	10.3
Lanfranchi	Measured	11	4.11	471	1.0	11	4.11	471	1.0
	Indicated	67	5.79	3,887	8.6	67	5.79	3,887	8.6
	Inferred	11	5.24	552	1.2	11	5.24	552	1.2
Schmitz	Indicated	75	4.55	3,412	7.5	75	4.55	3,412	7.5
	Inferred	11	3.58	376	0.8	11	3.58	376	0.8
Martin	Indicated	44	3.88	1,722	3.8	44	3.88	1,722	3.8
	Inferred	6	3.50	208	0.5	6	3.50	208	0.5
Cruikshank	Indicated	1,139	1.41	16,025	35.3	1,139	1.41	16,025	35.3
	Inferred	931	1.33	12,397	27.3	931	1.33	12,397	27.3
Remnant	Indicated	253	2.69	6,816	15.0	253	2.69	6,816	15.0
	Inferred	203	2.03	4,127	9.1	203	2.03	4,127	9.1
Total	Measured	227	2.93	6,643	14.6	227	2.93	6,643	14.6
	Indicated	4,138	2.63	108,908	240.1	3,481	2.55	88,873	195.9
	Inferred	1,182	1.53	18,060	39.8	1,622	1.84	29,846	65.8

Notes: 1. 25% of the global Lanfranchi Project Mineral Resources are attributable to Brilliant

2. Resources estimated at 1.0% Ni cut-off and 1.6% cut-off for Schmitz

3. All mineralised zone interpretations were reviewed and modified where necessary by BM Geological Services Pty Ltd (BMGS) in consultation with Lanfranchi Joint Venture staff prior to resource estimation.

4. BMGS believes the current geological models are fundamentally sound and provides an appropriate basis for mine planning and project evaluation.

5. Remnant Resources reflect ore remaining post historical mining by WMC

6. The Schmitz, Martin, Cruikshank and Remnant Resource estimates are unchanged from the Company's 43-101 technical Report on the Lanfranchi Nickel Project dated August 2007 and filed on SEDAR

7. Additional notes detailing the Resource Estimation Parameters are listed in the Company's press release dated July 31, 2008 and January 14, 2008

A National Instrument 43-101 compliant technical report dated August, 2007 was prepared by BM Geological Services Pty. Ltd. of Kalgoorlie, Western Australia ("BMGS"), entitled "Technical Report on the Lanfranchi Nickel Project, Kambalda, Western Australia" (the "BMGS Technical Report") and can be viewed at www.sedar.com.

Subsequent to the BMGS Technical Report, Ore Reserves for the Lanfranchi Mine are estimated on a June annual basis and are reported in the following table (Table 2).

After production of 7,303 tonnes (16.1 Mlbs) of contained Ni metal from the Lanfranchi mine in 2007/08 (July 07 to June 08) the Mineral Reserves for the project increased by approximately 12,300 tonnes (27.1 Mlbs) of Ni metal. The reported overall gain compared to the Mineral Reserves as at 30 June 2007 was due to significant Ore Reserve growth achieved from both Deacon and Lanfranchi orebodies.

Table 2: Lanfranchi Mine Mineral Reserves at 30 June 2008 (100% Basis)

Ore Body	Reserves Category	30-Jun-08				30-Jun-07				Difference YoY	
		Tonnes (,000)	Ni (%)	Ni (t)	Ni (Mlbs)	Tonnes (,000)	Ni (%)	Ni (t)	Ni (Mlbs)	Ni (Mlbs)	%
Deacon	Probable	2,085	2.35	48,954	107.9	1,695	2.54	43,009	94.8		
	Total	2,085	2.35	48,954	107.9	1,695	2.54	43,009	94.8	13.1	13.8%
Helmut South	Proven	268	2.29	6,129	13.5	410	2.17	8,909	19.6		
	Probable	-	-	-	-	-	-	-	-		
	Total	268	2.29	6,129	13.5	410	2.17	8,909	19.6	-6.1	-31.2%
Winner	Probable	99	3.92	3,878	8.5	144	4.26	6,139	13.5		
	Total	99	3.92	3,878	8.5	144	4.26	6,139	13.5	-5.0	-36.8%
Lanfranchi	Probable	126	2.86	3,594	7.9	25	1.92	486	1.1		
	Total	126	2.86	3,594	7.9	25	1.92	486	1.1	6.9	639.5%
Schmitz	Probable	87	2.66	2,318	5.1	94	2.93	2,750	6.1		
	Total	87	2.66	2,318	5.1	94	2.93	2,750	6.1	-1.0	-15.7%
Martin	Probable	75	1.86	1,385	3.1	-	-	-	-		
	Total	75	1.86	1,385	3.1	-	-	-	-	3.1	N/A
Total	Proven	268	2.29	6,129	13.5	410	2.17	8,909	19.6		
	Probable	2,471	2.43	60,129	132.6	1,958	2.68	52,396	115.5		
	Total	2,739	2.42	66,258	146.1	2,368	2.59	61,305	135.2	10.9	8.1%

- Notes:
1. 25% of the listed Reserves are attributable to Brilliant Mining Corp.
 2. Reserves estimated at 1.0% Ni cut-off except for Deacon stopes which are estimated at 0.8% Ni cut-off
 3. Abbreviations: t=tonnes, Mlbs=million pounds, YoY=year on year
 4. Additional notes detailing the Reserve Estimation Parameters are listed in the Company's press release dated September 18, 2008

Qualified Persons

The Lanfranchi project is supervised by John Williamson, P.Geol., of Edmonton, AB, CEO. Mr. Williamson is a Director of Brilliant and is the Qualified Person as defined in National Instrument 43-101.

Figure 3: Lanfranchi Nickel Mine



RESULTS OF LANFRANCHI OPERATIONS – YEAR ENDING SEPTEMBER 30/08 AND SUBSEQUENT

Quarterly and Annual Production at Lanfranchi Nickel Mine

During the September 2008 Quarter, production from the Lanfranchi Mine was 81,634t at 2.93% Ni for 2,394 tonnes (5.3 million lbs) Ni contained (Table 3 and 4). Head-grades improved 18.6% primarily due to a greater contribution of high grade Winner ore resulting in 10% more contained nickel metal tonnes than the previous quarter.

Table 3 – Lanfranchi Mine 2008 Quarterly and Annual Production and Deliveries – (100% basis)

Ore	Details	Units	3 months ending 30 Sept 2008	3 months ending 30 June 2008	3 months ending 31 March 2008	3 months ended 31 Dec 2007	12 months ending 30 Sept 2008
Produced	Ore mined	dmt	81,634	88,335	82,356	62,539	314,864
	Ni grade	%	2.93	2.47	2.92	2.59	2.73
	Ni metal contained	t	2,394	2,184	2,403	1,618	8,599
		lbs	5,277,900	4,814,900	5,297,700	3,567,000	18,957,500
	Cu grade	%	0.24	0.21	0.19	0.21	0.22
Delivered	Ore delivered	dmt	80,750	90,151	78,247	60,330	309,478
	Ni grade	%	2.95	2.49	2.92	2.59	2.74
	Ni metal contained	t	2,384	2,241	2,281	1,563	8,469
		lbs	5,255,800	4,940,600	5,029,000	3,446,000	18,671,400
	Cu grade	%	0.24	0.21	0.25	0.22	0.22

Notes: (3.1) the period covered in the table reflects the Company's 2008 Fiscal Year
(3.2) 25% of the reported ore deliveries and/or production is attributable to Brilliant Mining Corp.
(3.3) dmt = dry metric tonnes, t = tonnes, lbs = pounds

Table 4 – Lanfranchi Mine 2007 Quarterly and Annual Production and Deliveries – (100% basis)

Ore	Details	Units	3 months ended 30 Sept 2007	3 months ended 30 Jun 2007	3 months ended 31 Mar 2007	3 months ended 31 Dec 2006	12 months ending 30 Sept 2008
Produced	Ore mined	dmt	52,886	60,864	52,030	61,173	226,953
	Ni grade	%	2.08	2.19	2.21	2.39	2.22
	Ni metal contained	t	1,098	1,330	1,149	1,465	5,042
		lbs	2,420,680	2,932,150	2,533,110	3,230,000	11,115,940
	Cu grade	%	0.19	0.20	0.19	0.20	0.20
Delivered	Ore delivered	dmt	52,523	57,558	52,082	61,631	223,794
	Ni grade	%	2.08	2.22%	2.21	2.39	2.23
	Ni metal contained	t	1,093	1,278	1,150	1,473	4,994
		lbs	2,409,650	2,817,000	2,535,000	3,247,000	11,008,650
	Cu grade	%	0.19	0.19	0.19	0.20	0.19

Notes: (4.1) the period covered in the table reflects the Company's 2008 Fiscal Year
(4.2) 25% of the reported ore deliveries and/or production is attributable to Brilliant Mining Corp.
(4.3) dmt = dry metric tonnes, t = tonnes, lbs = pounds

Production growth is evident as shown by an increase of 54% in ore production and 118% in Ni metal production in the September 2008 Quarter relative to the comparative Quarter for 2007 and an increase of

39% in ore production and 71% in Ni metal production in the 12 months ended September 2008 relative to the comparative 12-month period for 2007.

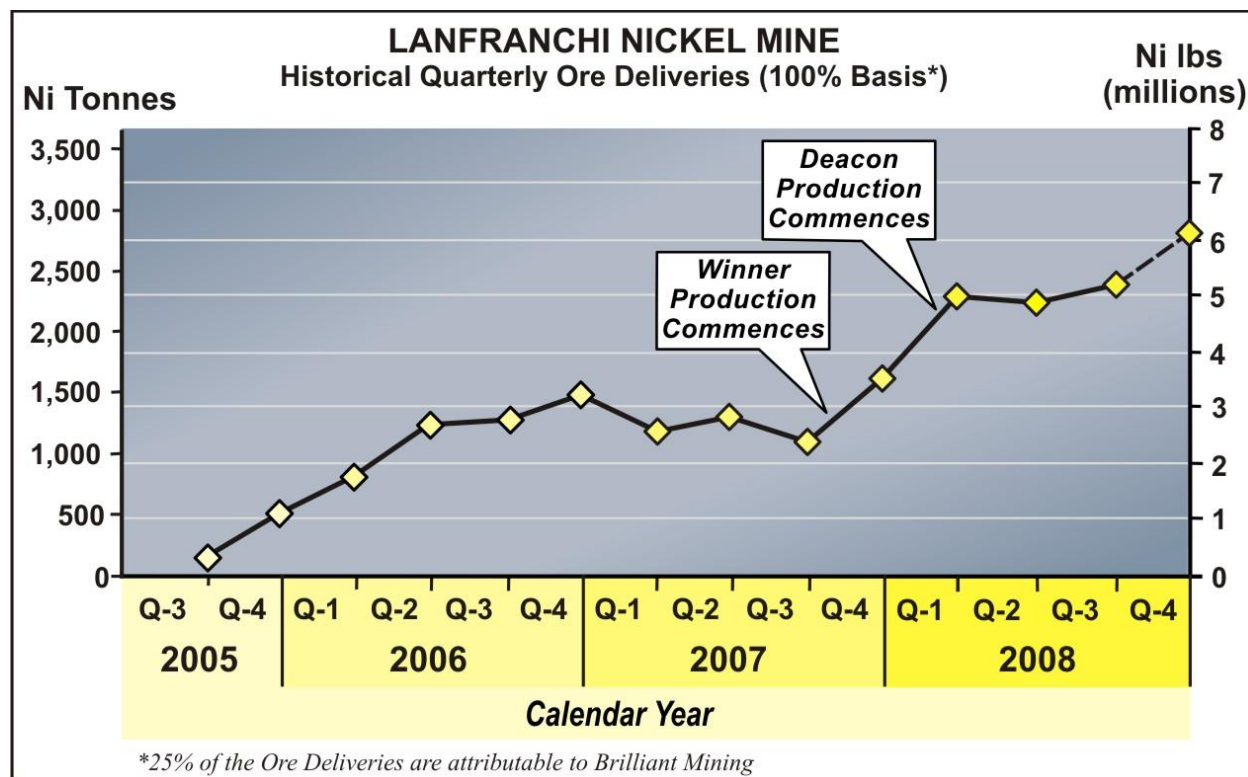


Figure 4: Historical Lanfranchi Nickel Mine Ore Deliveries on a 100% Basis

In conjunction, the Company reported record Payable Nickel quantities of 781,481 lbs of Ni metal from the September 2008 Quarter ore deliveries, representing an increase of 130% relative to the comparative Quarter for 2007; and a fiscal year-end total of 2.74 million lbs of Ni metal, a 73% increase over the comparative 12-month period for 2007 (Tables 5 and 6).

Table 5 – Payable Ni Metal to Brilliant from 2008 Quarterly Ore Deliveries

Ore	Details	Units	3 months ending 30 Sept 2008	3 months ending 30 June 2008	3 months ending 31 March 2008	3 months ended 31 Dec 2007	12 months ending 30 Sept 2008
Delivered	Ni metal contained	t	355	325	334	228	1,242
		lbs	781,481	715,752	736,783	503,317	2,737,083

Notes: (5.1.6.1) the period covered in the table reflects the Company's 2008 Fiscal Year

(5.2.6.2) Payable Nickel is the quantity of nickel, less the loss on nickel metal recoveries and the nickel metal deducted by the customer as the smelting and refining charge, paid to Brilliant at the spot market price of nickel.

(5.3.6.3) t = tonnes, lbs = pounds, YTD = Year to Date (Brilliant Sept 30 Year End)

Table 6 – Payable Ni Metal to Brilliant from 2007 Quarterly Ore Deliveries

Ore	Details	Units	3 months ending 30 Sept 2007	3 months ending 30 June 2007	3 months ending 31 March 2007	3 months ended 31 Dec 2006	12 months ending 30 Sept 2007
Delivered	Ni metal contained	t	154	183	165	214	716
		lbs	339,710	402,773	364,300	471,722	1,578,505

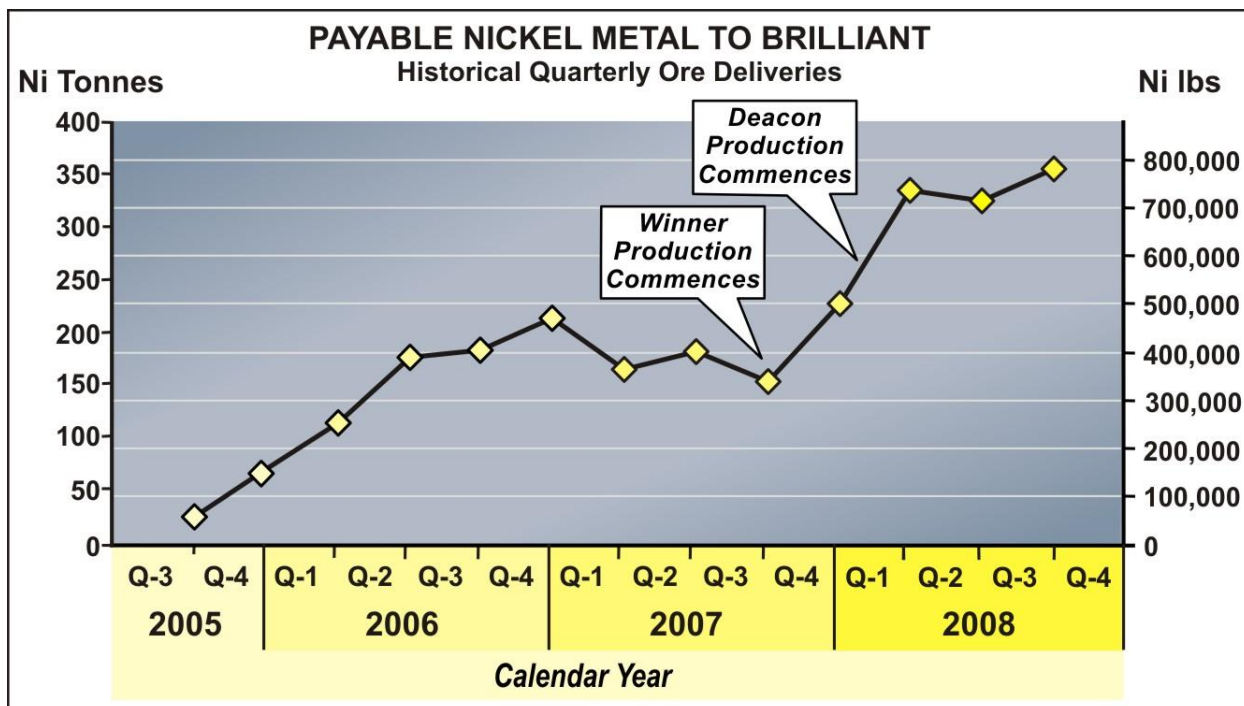


Figure 5: Historical Payable Nickel Metal to the Company from Quarterly Ore Deliveries

Payable Nickel Unit Costs at Lanfranchi Nickel Mine

Payable Nickel Unit Costs in the September 2008 Quarter decreased by 14% due to increased economies of scale and a more favorable exchange rate compared to the June 2008 Quarter (Table 7).

Table 7 – Non-GAAP Lanfranchi Nickel Mine 2008 Financial Statistics – Payable Nickel Basis

Area	Units	3 months ended Sept 30, 2008	3 months ended June 30, 2008	3 months ended Mar 31, 2008	3 months ended Dec 31, 2007	12 months ended Sept 30, 2008
Mining	A\$ per lb	3.55	4.08	3.08	4.24	3.68
Haulage	A\$ per lb	0.16	0.24	0.19	0.22	0.20
Administration	A\$ per lb	0.39	0.36	0.41	0.38	0.39
Royalties	A\$ per lb	0.40	0.53	0.58	0.62	0.52
Total direct costs	A\$ per lb	4.50	5.21	4.26	5.46	4.79
	C\$ per lb	3.80	4.40	3.60	4.61	4.04
	US\$ per lb	3.12	3.61	2.95	3.78	3.32
Treatment charge	A\$ per lb	0.93	1.10	0.93	1.02	0.99
Net By-product credits	A\$ per lb	(0.21)	(0.24)	(0.18)	(0.21)	-0.21
Payable cash costs	A\$ per lb	5.22	6.07	5.01	6.27	5.58
	C\$ per lb	4.41	5.12	4.23	5.29	4.71
	US\$ per lb	3.61	4.20	3.47	4.34	3.86

Notes: (7.1,8.1) The above table summarizes unit costs from operations at the Lanfranchi Mine on a payable nickel basis for the period reflecting the Company's 2008 Fiscal Year

(7.2,8.2) Unit costs are quoted in Australian dollars providing a consistent and comparable basis across the periods regardless of FX rate fluctuations.

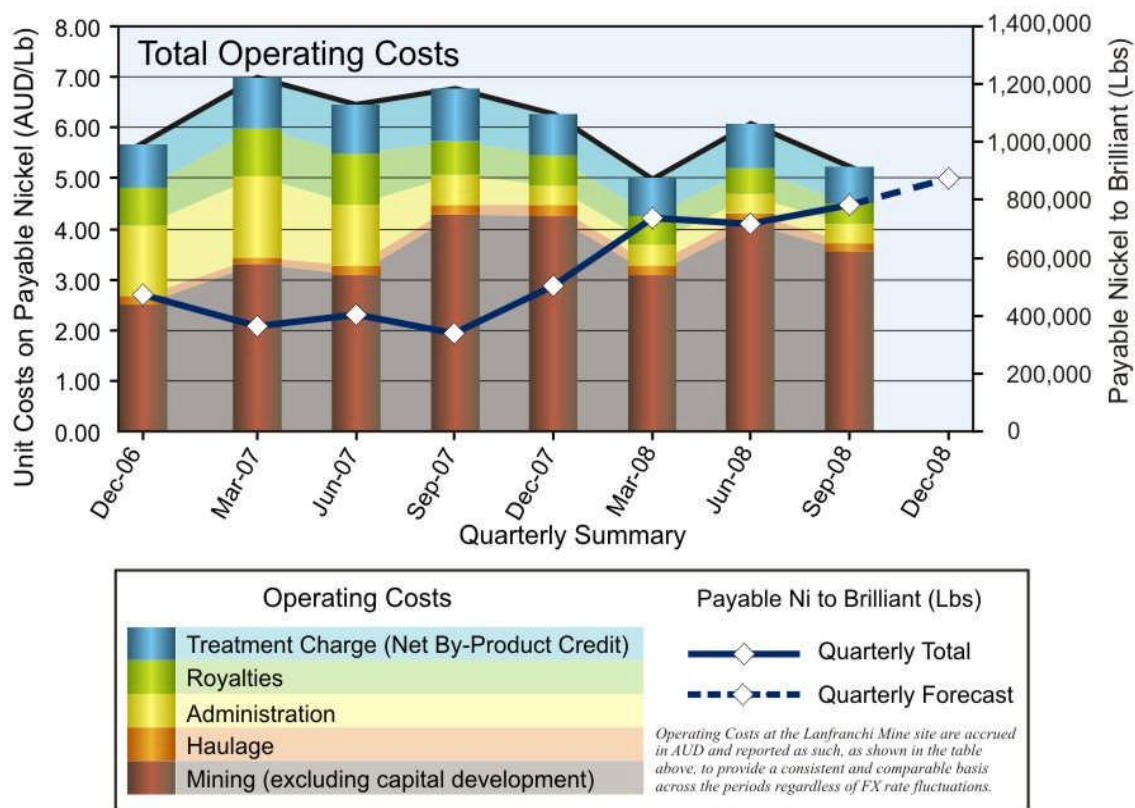
(7.3,8.3) Unit costs have been converted to Canadian dollars at the AUD:CAD exchange rate of 0.8441 and converted to US dollars at the AUD:USD exchange rate of 0.6923 (as at Dec. 31, 2008) in order to provide a representation of the historical base unit costs projected onto current market conditions.

Table 8 – Non-GAAP Lanfranchi Nickel Mine 2007 Financial Statistics – Payable Nickel Basis

Area	Units	3 months ended Sept 30, 2007	3 months ended June 30, 2007	3 months ended Mar 31, 2007	3 months ended Dec 31, 2006	12 months ended Sept 30, 2007
Mining	A\$ per lb	4.27	3.09	3.30	2.50	3.22
Haulage	A\$ per lb	0.21	0.17	0.14	0.17	0.17
Administration	A\$ per lb	0.58	1.21	1.59	1.38	1.21
Royalties	A\$ per lb	0.66	1.00	0.94	0.75	0.84
Total direct costs	A\$ per lb	5.72	5.47	5.97	4.80	5.44
	C\$ per lb	4.83	4.62	5.04	4.05	4.59
	US\$ per lb	3.96	3.79	4.13	3.32	3.77
Treatment charge	A\$ per lb	1.30	1.24	1.23	1.10	1.21
Net By-product credits	A\$ per lb	-0.26	-0.24	-0.20	-0.24	-0.24
Payable cash costs	A\$ per lb	6.76	6.47	7.00	5.67	6.42
	C\$ per lb	5.71	5.46	5.91	4.79	5.42
	US\$ per lb	4.68	4.48	4.85	3.93	4.44

Cost reduction over previous periods has been achieved as shown by a 23% decrease in the September 2008 Quarter relative to the comparative Quarter for 2007 and a 13% decrease in the 12 months ended September 2008 relative to the comparative 12-month period for 2007 (Table 7 and 8).

Figure 6: Quarterly Operating Unit Costs on a Payable Nickel Basis



Payable Nickel to Brilliant

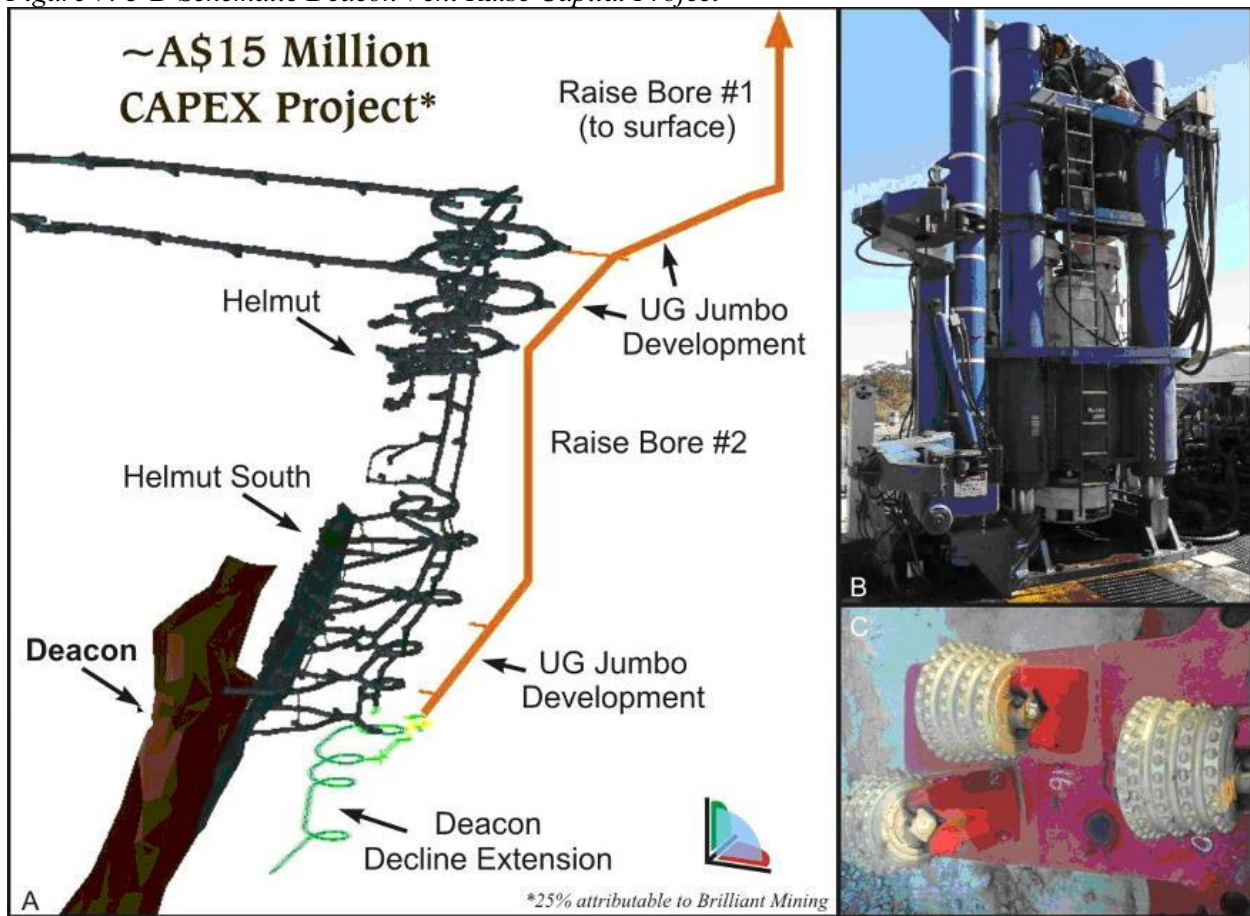
The LJV delivers ore to BHP Billiton’s concentrator facility in Kambalda under a long term third party ore tolling agreement. Brilliant Mining Corp. receives payment on the ore delivered on a monthly basis. Brilliant directly receives payment for its pro-rata 25% ownership in the Lanfranchi Joint Venture of the calculated payable nickel.

The Lanfranchi Nickel Mine ore has historically recorded recoveries between 88 and 90% and subsequent to additional charges including a Smelter Fee has reported a Payable nickel receivable of 57-60%.

Capital Project – Deacon Raise Vent

The AUD 15 Million (~\$12.5 million) Deacon ventilation capital project continues to progress on schedule with target completion within the first half of this quarter. The new ventilation system will support the full production ramp up at Deacon as well as future down-plunge development and mining.

Figure 7: 3-D Schematic Deacon Vent Raise Capital Project



A : 3-D schematic B : Raise Bore Drill on Surface C : Raise Bore Head and Cones

Preliminary 2008/09 Production Forecast

The preliminary production forecast for the Lanfranchi Nickel Mine in 2008/09 (July 08 to June 09) is expected to be in the range of 11,850-12,350 tonnes (26.1-27.2 million lbs) of Ni metal which represents a potential 62-69% increase over the 2007/08 period. Brilliant's Payable share of forecast production is in the range of 1,730-1,805 tonnes (3.8-4.0 million lbs) of Ni metal.

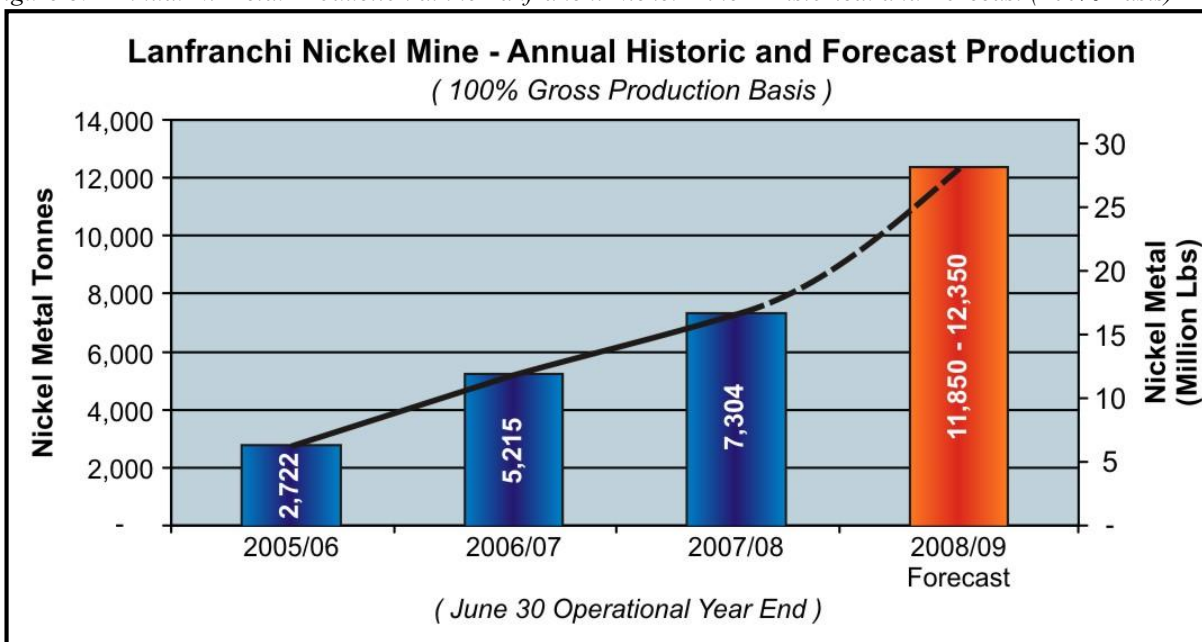
Table 9 – Lanfranchi Nickel Mine June Year End Ore Production and Deliveries Comparison (i)(ii)

Ore	Details	Units	12 months ending 30 June 2009 (f)	12 months ending 30 June 2008	12 months ending 30 June 2007	12 months ending 30 June 2006
Produced	Ore mined	dmt	440,000 – 460,000	286,116	229,614	107,701
	Ni grade	%	2.70	2.55	2.27	2.53
	Ni metal contained	t	11,850 - 12,350	7,304	5,215	2,722
		Mlbs	26.1 – 27.2	16.1	11.5	6.0
	Cu grade	%	0.20	0.22	0.20	0.22
Delivered	Ore delivered	dmt		281,251	227,542	107,133
	Ni grade	%		2.55	2.27	2.51
	Ni metal contained	t		7,178	5,168	2,691
		Mlbs		15.8	11.4	5.9
	Cu grade	%		0.22	0.20	0.22

(i) 25% of the reported ore deliveries or production is attributable to Brilliant Mining Corp.

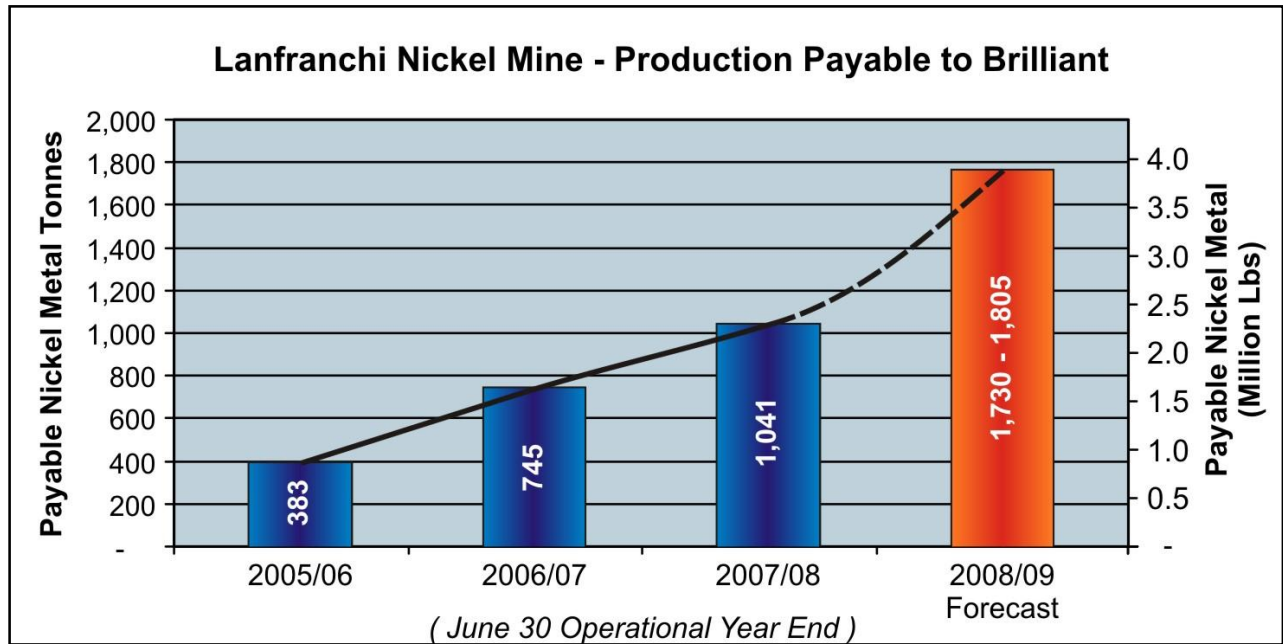
(ii) DMT = dry metric tonnes, T = tonnes, Mlbs = million pounds

Figure 8: Annual Ni Metal Production at the Lanfranchi Nickel Mine – Historical and Forecast (100% Basis)



Notes: 25% of the contained nickel metal production is attributable to Brilliant
08/09 Forecast = preliminary June 2008 – July 2009 12 month production forecast to be finalized upon detailed scheduling and approval by the Lanfranchi Joint Venture Committee.

Figure 9: Annual Nickel Metal Production Payable to Brilliant Mining – Historical and Forecast



Notes: Payable Nickel Metal is Brilliant Mining’s attributable Ni metal post-recovery loss and post-smelter fee. 08/09 Forecast = preliminary June 2008 – July 2009 12 month production forecast to be finalized upon detailed scheduling and approval by the LJV Committee.

In response to the deterioration in nickel price, compared to 6 months ago when the preliminary 2008/09 mine budget and schedule was originally constructed, an optimization analysis was initiated. A revised detailed production mine plan is currently underway with a completion target during the first quarter 2009.

Figure 10: Underground Drilling at the Lanfranchi Nickel Mine

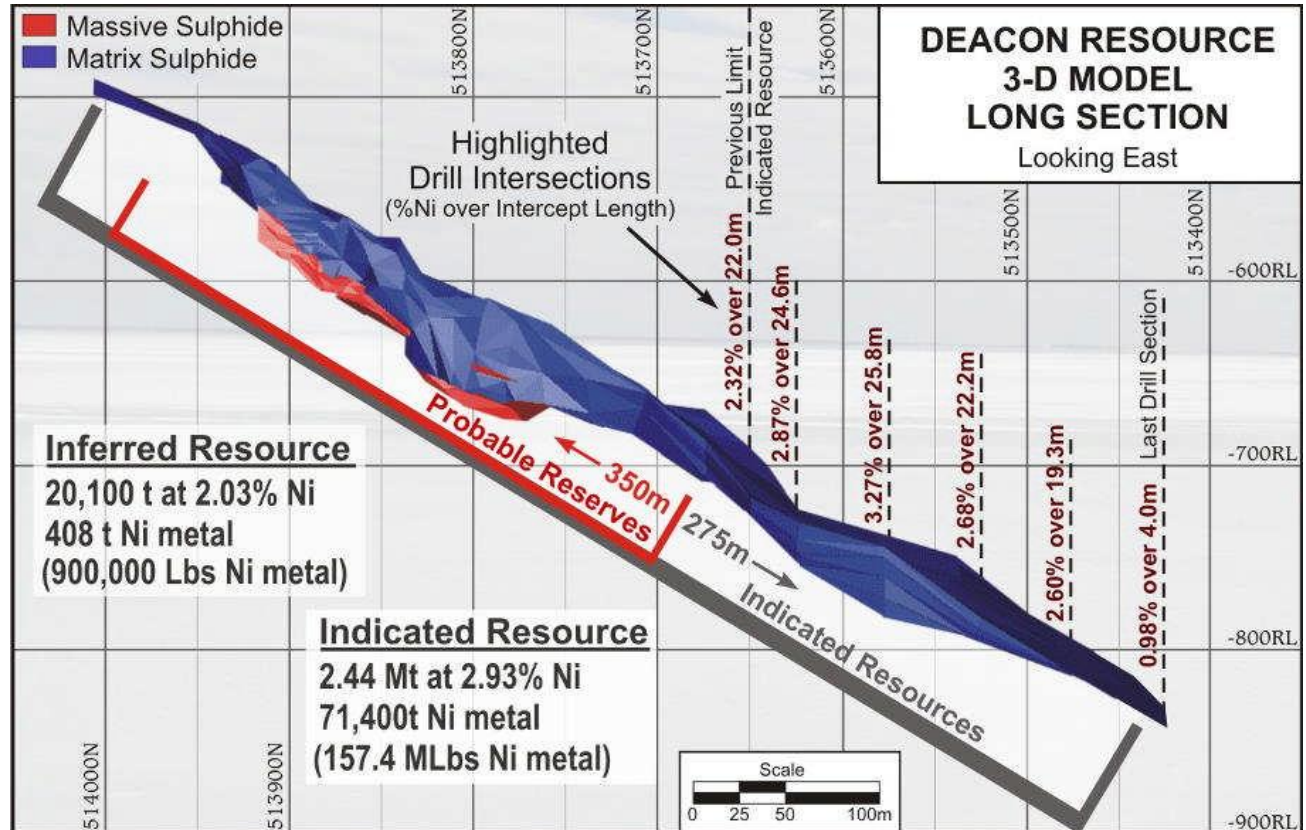


Underground Exploration Update

Deacon Down Plunge Delineation Drill Program

The resource delineation drill program from the Deacon 5920 hanging wall dedicated drill drive was completed in December 2008. A total of 43 drill holes comprising 7,844m were completed and form the basis for the revised Mineral Resource estimate. The latest drill program in-filled the previously defined Mineral Resource sufficiently to permit most of the Inferred Resource to be classified as Indicated. The drilling also extended the Deacon Indicated Mineral Resource beyond the previous Mineral Resource Limit for an additional 150m down-plunge to the south (Figure 11).

Figure 11: Deacon Resource 3-D Model in Long Section (100% Basis)



Significant Drill Intercepts Down-Plunge of Reserve limit include:

- 2.87% Ni over 24.6m
- 3.27% Ni over 25.8m
- 2.68% Ni over 22.2m
- 2.60% Ni over 19.3m; over 200m down-plunge of Reserve limit

Drill results for the three holes completed on Section 513425mN (275m down-plunge of Deacon Reserve limit) contrast from the fence drilled on Section 513475mN indicating either a possible change in orientation, structural dislocation or an apparent termination of the mineralization. The small number of pierce points on the last drill section makes interpolation difficult. Further drilling is required to determine the continuation of the mineralized channel.

Winner Down Plunge Extension

As part of the latest resource definition drill program, drill hole WD084 was completed to enable geophysics to test the down plunge potential of the Winner Ni channel. The down hole EM survey produced a strong EM response indicating a high confidence level for the continuation of the Winner mineralisation an additional 25 to 30m down plunge of the interpreted resource limits.

Drilling to test this extension is planned when the Winner decline has progressed sufficiently to enable the development of a suitably positioned underground drill station.

Lanfranchi Down Plunge Extension

The latest resource definition drill program has increased the Measured and Indicated Mineral Resource at Lanfranchi by 45% or 1,356 tonnes (3.0 MLbs) of Ni metal. The Lanfranchi Ni channel remains open to depth.

Surface Exploration Update

The Lanfranchi Joint Venture embarked on an aggressive surface exploration program on the Tramways Tenements host to the producing high-grade Lanfranchi Nickel Mine. The recently completed drill program tested various prospective areas across the property as is shown in Fig 12.

Figure 12: Tramways Dome 2008 Surface Exploration Drill Program



The final results have yet to be released and are currently being compiled with a report expected during the first Quarter of 2009.

RESULTS OF CANADIAN OPERATIONS – YEAR ENDED SEPTEMBER 30/08 AND SUBSEQUENT

Background on Labrador Projects, Canada

Western Labrador represents an under-explored and largely overlooked part of the “circum Superior” region, which includes the prolific Ni-Cu-PGE deposits at Sudbury, Ontario; Thompson, Manitoba; and Raglan, Quebec. Western Labrador is host to at least three regionally significant mafic magmatic events with known Ni-Cu-Co-PGE mineralization: the Ossok Mountain Suite (ca. 1640 Ma age), the Shabogamo Suite (ca. 1420 Ma age) and the Michikamau Intrusion (ca. 1480 Ma age). Known mineralization styles from these suites are diverse and have similarities with both Voisey’s Bay type deposits that are rich in Ni-Cu-Co and Lac Des Iles-type deposits that host Pd-Pt-Cu-Ni-Au.

Brilliant targeted the Churchill Falls area of western Labrador for acquisitions, based on anomalous mineralization and highly favourable regional geological criteria, combined with proximity to infrastructure such as road and rail access as well as hydro-electric generating facilities. Existing government geology and geochemistry data sets (till and lake sediment samples) were used to help prioritize targets from various suites of rocks.

Michikamau Project

The Michikamau Property (“Property”) is situated within the Michikamau layered gabbro-anorthosite (troctolite) intrusion and represents a conceptual and empirical exploration target for Voisey’s Bay type mineralization. The Property is located close to existing infrastructure, including the Churchill Falls hydroelectric facility.

Two drill programs were conducted during 2006 and 2007 for 23 drill holes totalling approximately 2,350m. A highlight of results include 21.7m grading 0.51% Ni and 0.36% Cu, including 11.3m grading 0.71% Ni and 0.45% Cu intersected near surface at the Juno target.

In comparing the nickel to sulphur ratios of individual samples, distinct populations can be observed even amongst holes in close proximity to one another. These results indicate a complex mineralizing system and nickel enrichment history exists within the Michikamau Property.

No additional work was performed on the Michikamau property during 2008.

FINANCIAL MD&A AND OTHER DISCLOSURE

Summaries of Annual Financial Information

Selected Annual Financial Information

Year ended	Sept. 30, 2008	Sept 30, 2007	Sept 30, 2006	Sept 30, 2005
	\$	\$	\$	\$
Current assets	11,128,332	10,787,376	16,053,745	354,704
Mine property	20,949,927	19,779,186	18,782,365	-
Mineral interests	2,008,520	1,958,161	1,386,220	452,092
Property, plant and equipment	4,913,785	2,750,569	2,231,463	-
Current liabilities	6,408,609	5,251,334	9,593,196	113,938
Long-term liabilities	4,166,379	6,829,063	9,122,882	-
Revenues	43,498,681	47,089,015	14,132,663	5,183
Net income (loss)	2,789,589	(8,965,160)	(5,930,111)	(673,477)
Basic net income (loss) per share	0.04	(0.15)	(0.21)	(0.07)
Diluted net income per share	0.04	(0.15)	(0.21)	(0.07)

Change in accounting policies

On October 1, 2007, the Company adopted the following new Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections:

Financial instruments – Presentation and Financial instruments – Disclosure

Effective October 1, 2007, the Company has adopted section 3862 – Financial instruments - Disclosures of the CICA Handbook which, along with CICA section 3863 – Financial instruments – Presentation, replaces section 3861 – Financial Instruments – Disclosure and Presentation. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements.

Capital disclosures

Effective October 1, 2007, the Company has adopted section 1535 – Capital Disclosures of the CICA Handbook. This section establishes standards for disclosing information about a Company’s capital and how it is managed in order for a user of the consolidated financial statements to evaluate the Company’s objectives, policies, and processes for managing capital.

Accounting changes

Effective October 1, 2007, the Company has adopted CICA Section 1506 Accounting Changes. This new standard establishes disclosure requirements for new primary sources of GAAP that have been issued but are not yet effective.

Future accounting changes

The following relevant new primary sources of GAAP are issued but are not yet effective as of the year ended September 30, 2008:

General Standards of Financial Statement Presentation

The CICA has amended CICA Section 1400 General Standards of Financial Statement Presentation of the CICA Handbook to include requirements to assess and disclose the Company’s ability to continue as a

going concern. This new accounting standard will be adopted by the Company as of October 1, 2008. The adoption of this new standard is not expected to have an impact on the Company's consolidated financial statements.

Goodwill and Intangible Assets

The CICA has issued Section 3064 – Goodwill and Intangible Assets, which replaces Section 3062 – Goodwill and Other Intangible Assets and Section 3450 – Research and Development Costs. The new accounting standard is effective on the Company's interim and annual financial statements beginning October 1, 2008. This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

Inventories

The CICA has issued section 3031 – Inventories, which provides expanded guidance on the measurement and disclosure requirements for inventories, and is effective on the Company's interim and annual financial statements beginning October 1, 2008. Specifically, the new standard requires that inventories be measured at the lower of cost and net realizable value, and provides more guidance on the determination of cost and its subsequent recognition as expense, including any write-down to net realizable value. The Company is assessing the effect of the new standard and does not anticipate a material effect on its results.

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.

Summary of Quarterly Results

Selected unaudited financial data published for operations of the Company during the last eight quarters are as follows:

3 months ended	Sep 2008 (Q4)	Jun 2008 (Q3)	Mar 2008 (Q2)	Dec 2007 (Q1)	Sep 2007 (Q4)	Jun 2007 (Q3)	Mar 2007 (Q2)	Dec 2006 (Q1)
Revenues	8,727,569	12,173,054	13,209,489	9,388,569	4,200,279	14,826,182	15,467,996	12,594,558
Net income (loss)	577,764	1,658,697	1,674,115	(1,120,987)	(412,401)	(3,700,346)	(1,910,731)	(2,941,682)
Basic net income (loss) per share	0.01	0.02	0.02	(0.02)	(0.01)	(0.06)	(0.03)	(0.05)
Weighted Avg shares	72,972,902	71,555,875	70,058,364	68,772,887	67,946,588	63,686,956	57,587,126	55,593,806

Results of Operations for the Quarter Ended September 30, 2008

Net income for the quarter ended September 30, 2008 was \$577,764 (2007 – net loss \$412,401). Nickel ore sale revenues totalled \$8,616,536 for the quarter (2007 - \$3,992,186) due to increased ore deliveries and ore grade and despite significantly lower market nickel prices. Increased production and sales figures were matched by increased smelting, concentrator, and mining costs.

General and administrative expenses for the quarter ended September 30, 2008 totalled \$318,993 and were directly comparable to the comparative quarter's general and administrative expenses of \$352,525.

During the 2008 year end audit, the Company reclassified an amount relating to the reversal of a portion of the acquisition cost of Donegal discovered during the quarter ended June 30, 2008, labelled on the consolidated statements of net income (loss) as "Adjustment relating to the acquisition of Donegal". In the Company's unaudited interim consolidated financial statements for the periods ending June 30, 2008 and 2007, this reduction to the acquisition price was allocated as a reduction to the cost of the Company's investment in the Lanfranchi Nickel Mine.

Also during the quarter ended June 30, 2008, the Company completed an international tax planning strategy and has reassessed its income tax liabilities and future income tax position for prior, current, and future periods. These adjustments are described more fully in the following section.

Results of Operations for the Year Ended September 30, 2008

The Company has realized a net income of \$2.8 Million (2007 – net loss \$9.0 Million) for the year ended September 30, 2008, from its 25% interest in the Lanfranchi Nickel Mine in Western Australia. From the acquisition of Donegal in May of 2006 until September 30, 2007, the Company's financial performance was affected by nickel hedge contracts, inherited in the acquisition of Donegal. These contracts limited the realizable revenue on the Company's portion of the Lanfranchi Mines' production of nickel at a time of record Nickel prices. This is evidenced by losses in the comparative year of \$21.5 Million, for which there is no corresponding loss in the current year. Financial 2008 saw increased production from the Lanfranchi Mine and, despite significantly lower market nickel prices, positive net income from the Company's operations.

As part of the consideration paid for Donegal, the Company issued a \$5 Million convertible debenture to the vendors (who are currently directors of the Company). During the year ended September 30, 2008, the Company opted to settle the convertible debenture one year prior to maturity and paid to the holders of the debenture the \$5 Million principal plus accrued interest. Settling the convertible debenture has saved the Company \$0.5 Million in cash interest on the convertible debenture. In addition, by settling the convertible debenture at a time when the Company's per-share market value was relatively weak, further dilution of the Company's capital stock has been avoided. The early settlement of the convertible debenture resulted in an accounting gain of \$0.62 Million representing the unamortized portion of the

debt component, as well as an accounting gain of \$0.05 Million on the settlement of the equity portion of the convertible debenture, recorded directly to the deficit.

The net income for the current year was \$2.8 Million (2007 – net loss \$9.0 Million). Details of the material components of the year's net income are as follows:

- Revenues from **nickel ore sales** declined slightly to \$43.1 Million versus \$46.5 Million in the prior year due to significantly lower market nickel prices in the year, and despite increased deliveries from the Lanfranchi Nickel Mine of 281,251 dmt grading 2.55% Ni versus 227,542 dmt grading 2.27% in the prior year.
- **Smelting** fees, which are directly correlated to Nickel ore sales revenue, also decreased slightly due to the same factors.
- **Concentrator fees**, which are directly correlated to the quantity of ore delivered to the smelter, increased due to increased deliveries over the prior year.
- **Mining** costs increased to \$11.7 Million in the current year versus \$6.4 Million in the prior year due to increased production.
- **General and administrative** costs in the year ended September 30, 2008, of \$1.6 Million are comparable to the year ended September 30, 2007 of \$1.5 Million.
- **Amortization** expense of \$6.5 Million (2007 - \$5.8 Million) reflects the decreased per-unit mine amortization rates due to the definition of additional ore reserves during the year ended September 30, 2008, offset by increased amortization on newly acquired and leased equipment used by the Lanfranchi Joint Venture.
- **Foreign withholding tax** was incurred by the Company as a result of the Company's international tax planning, and has been offset by reductions in income taxes payable in prior, current, and future years.
- Non-cash **stock based compensation** expense of \$1.99 Million (2007 - \$2.18 Million) was a result of stock options granted and vesting in the year.
- The Company recorded an **adjustment relating to the acquisition of Donegal** in the current year of \$0.84 Million (2007 – nil) due to the reversal of accrued stamp duty payable included as a component of the purchase price of Donegal in the year ended September 30, 2006. The Company received notice during the current year that the estimated stamp duty was not required to be paid.
- A **gain on convertible debenture** was recorded in the amount of \$0.62 Million (2007 – nil) as a result of the early retirement of the \$5.0 Million debt underlying the convertible debenture issued to the vendors of Donegal.
- **Current income tax expense** of \$0.49 Million (2007 – nil) is a result of the Company's application of international tax strategies to minimize taxes payable on operations.

The Company is subject to transactions in three currencies (United States Dollars, Australian Dollars, and Canadian Dollars) and is therefore subject to fluctuations in international currency markets. The current year saw a loss on foreign exchange in the amount of \$0.50 Million (2007 – gain of \$0.15 Million) mostly as a result of the settlement of foreign-currency denominated operational transactions and intercompany balances. In addition, the Company incurred a current year loss of \$0.45 Million (2007 – gain of \$0.41 Million) as a component of other comprehensive income as a result of the change in the fair value, as measured in Canadian Dollars, of the Company's assets and liabilities denominated in Australian dollars. Though the Company does not maintain a formal strategy to manage currency movements, management works with the Company's financial institutions and the Board of Directors to manage currency fluctuations.

Critical Accounting Estimates

The Company amortizes the cost of its mine property on a units-of-production basis where the numerator is the quantity of ore produced in the applicable period, and the denominator is the scientifically estimated

Proven Reserves in the ore body being mined. Proven Reserves are calculated using internationally recognized scientific and technical standards.

Amortization of property, plant and equipment is based on management's best estimate of the useful economic life of the asset, for which management uses its best judgement in consultation with equipment manufacturers and key operational personnel.

Stock based compensation expense is calculated using an option valuation model which requires subjective inputs, including the life of options granted and the volatility of the underlying stock price during the term of the option. Management makes these subjective estimates based on their experience and through comparison with peer companies.

Future income tax assets and liabilities are estimated based on the differences between accounting and taxable carrying values and the estimated tax rate and treatment that will be applied when the differences are settled. Management's estimates in regards to future income taxes are based on experience and with consultation with tax professionals in the tax jurisdictions in which the Company operates.

Financial Instruments

The following table shows the classifications of the Company's financial instruments on the consolidated balance sheet in the Financial Statements.

Financial instrument classification	As classified by the Company	Subsequent measurement of gains or losses at each reporting period end
<ul style="list-style-type: none"> • Assets or liabilities held-for-trading 	<ul style="list-style-type: none"> • Cash and cash equivalents • Derivative financial instruments • Short-term investments 	Fair value; unrealized gains and losses recognized in net income
<ul style="list-style-type: none"> • Available-for-sale financial assets 	<ul style="list-style-type: none"> • Investments 	Fair value; unrealized gains and losses recognized in OCI; recognized in net income on sale of the asset or when asset is written down as impaired
<ul style="list-style-type: none"> • Loans and receivables 	<ul style="list-style-type: none"> • Receivables 	Amortized cost using the effective interest rate method; if asset is derecognized or impaired, recognized in net income
<ul style="list-style-type: none"> • Other financial liabilities 	<ul style="list-style-type: none"> • Accounts payable and accrued liabilities • Capital lease obligations • Note payable • Convertible debenture 	Amortized cost using the effective interest rate method; if liability is derecognized, recognized in net income

The Company does not make extensive use of financial instruments other than normal business financial instruments such as cash and cash equivalents, receivables, and accounts payable and accrued liabilities.

The LJV leases, at fixed rates of interest, mining equipment to conduct extraction and shipment activities at the Lanfranchi Nickel Mine. These leases are accounted for by the Company as capital leases and the principal amounts are recognized on the consolidated balance sheets as liabilities, separated into their current and non-current portions. A schedule of principal payments and total interest to be paid over the term of the leases are contained in the notes to the financial statements.

The Company periodically enters into nickel price swap contracts and forward foreign exchange contracts to hedge a portion of its exposure to nickel price and foreign exchange movements arising from its sale of nickel ore. The Company does not maintain a formal hedging strategy and these contracts are only entered into for short periods and at the direction of the Board of Directors. For the year ended September 30, 2008, the Company recognized a loss on these contracts of \$144,328 due to changes in fair

value. Fair value of the contracts is estimated by the Company through comparison with instruments with similar terms which may be entered into at the reporting date.

During the comparative year ended September 30, 2007, the company reported a realized loss of \$21,517,008 resulting from nickel sale contracts to which Donegal was party prior to the Company's acquisition of Donegal. These contracts were not entered into by management of the Company.

The Company holds marketable securities, classified as investments on the consolidated balance sheets, with a fair value of \$0.94 Million as of the balance sheet date. These investments were purchased in the year ended September 30, 2008, and the company recorded an unrealized loss of \$1.16 Million (net of future income taxes) in the year as a component of other comprehensive income.

Convertible debentures with aggregate face value principal amount of \$5.0 Million were issued to the Vendors of Donegal as partial consideration for Donegal. These convertible debentures were recognized on the consolidated balance sheets prior to maturity in their separate liability and equity components. The convertible debenture was retired one year prior to maturity and a resulting gain on the liability portion of \$0.62 Million was recognized in the current year, in addition to a gain of \$0.05 Million on the equity portion which was recorded directly as reduction of the Company's deficit.

Financial Condition, Liquidity, and Capital Resources

Working capital is only reasonably estimable at month ends. The Company's estimated working capital at December 31, 2008, excluding the working capital of the Lanfranchi Joint Venture, was approximately \$4.8 Million. (The working capital at September 30, 2008, excluding the working capital of the Lanfranchi Joint Venture was approximately \$7.2 Million) The Company also held investments in marketable securities with a market value of \$0.94 Million at September 30, 2008, and \$0.45 Million at December 31, 2008. The Company's working capital fluctuates due to variations in revenues received from the sale of nickel ore produced at the Lanfranchi Nickel Mine; operating costs, capital development and equipment purchases in the Lanfranchi Joint Venture; general and administrative expenses; and other investing activities.

Assuming an AUD:USD exchange rate of 0.7, the cash flow from operations' break even point at the Lanfranchi Nickel Mine for the coming period, including leases, capital items and project overhead, is projected at US\$5.00/lb Ni under the existing mine schedule and budget. Unfavourable movements in the currency exchange rates, nickel prices, or production targets may require the Company's Australian operations to be subsidized by the Canadian parent, possibly requiring debt or equity financing.

In order to reduce the likelihood of financing, Management is diligently working with the Company's joint venture partner at the Lanfranchi Nickel Mine to determine budgetary priorities to mitigate the consequences of nickel prices which have declined significantly compared to the two preceding financial years. One such determination is the recent commencement of a major cost savings initiative by the Lanfranchi Joint Venture that is expected to lower overall costs resulting in expanded margins beyond projected levels.

Other Required Disclosure

Risk Factors

The success of the Company's business is subject to a number of factors, including but not limited to those risks normally encountered in the mining industry, such as market or commodity price changes, economic downturn, exploration uncertainty, operating hazards, increasing environmental regulation, competition with companies having greater resources, and lack of operating cash flow.

In the case of an unscheduled disruption of production at the Lanfranchi Mine, the Company may require additional debt or equity financing to continue its 25% participation in the Lanfranchi Joint Venture. Although the Company has enjoyed significant access to capital, there can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its resource properties.

Related Party Transactions

The Company compensates its officers for their services to the Company. The amounts paid to officers and directors in the year are disclosed in the Financial Statements. Compensation of officers is determined by the Board of Directors. In the year ended September 30, 2007, the Company incurred capitalized geological consulting fees of \$7,125 for technical services provided by directors or companies controlled by directors.

The Company shares certain administrative and operational resources with other companies with common directors. As such it is invoiced periodically for its share of shared costs. At September 30, 2008, the Company had an outstanding payables to Companies with common directors in the amount of \$58,529 (2007-nil) for reimbursement of shared office, staff, and administrative costs. This amount was fully paid subsequent to year end.

Pursuant to the acquisition of Donegal, the Vendors were appointed to the Company's Board of Directors, and have since been elected on an annual basis.

All of these transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Proposed Transactions

The Company continues to seek opportunities for project acquisition and generation. However, there are no proposed transactions that should be disclosed at the present time.

Outstanding Share Data

Brilliant's authorized share capital is unlimited Class "A" common and unlimited Class "B" preferred shares. As at January 16, 2009 the following common shares and stock options were outstanding:

Class A common shares issued	72,978,467		
Fully diluted	79,846,467		
Class B preferred shares issued	None		
Escrow	None		
Options outstanding	528,000 @	\$0.13 to Mar 24, 2009	
	160,000 @	\$0.115 to Feb 4, 2010	
	310,000 @	\$0.16 to Nov 9, 2010	
	500,000 @	\$0.33 to Jan 13, 2011	
	270,000 @	\$0.55 to July 5, 2011	
	2,950,000 @	\$0.80 to October 11, 2011	
	500,000 @	\$1.50 to March 23, 2012	
	25,000 @	\$2.50 to May 1, 2012	
	725,000 @	\$1.50 to October 5, 2012	
	900,000 @	\$1.70 to November 7, 2012	
<i>Total Options Outstanding</i>	6,868,000 @	<i>\$0.91 (avg.) = \$6,240,140</i>	

Investor Relations

With respect to public relations, the Company provides information from its corporate offices to investors and brokers directly.

Approval

The Board of Directors of Company has approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

GLOSSARY

- ANOMALY:** Any departure from the norm which may indicate the presence of mineralization in the underlying bedrock. In geophysics and geochemistry, an area where the property being measured is significantly higher or lower than the larger, surrounding area.
- ASSAY:** A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained therein.
- AUD or AS:** Australian dollars
- BASE METAL:** Any non-precious metal (e.g., copper, lead, zinc, nickel, etc.).
- BY-PRODUCT:** A secondary metal or mineral product recovered in the milling process such as copper and cobalt
- CAD or CS:** Canadian Dollars
- CONCENTRATOR OR MILL:** A processing facility where ore is finely ground and thereafter undergoes physical or chemical treatment to extract the valuable metals.
- CONTAINED NICKEL:** Represents the quantity of nickel metal in the ground before reduction of nickel metal not able to be recovered by the applicable metallurgical process
- CU:** Copper
- DECLINE:** A sloping underground opening, usually driven at a grade of about 15%, for machine access from level to level or from surface; also called a ramp. An underground tunnel developed on a sloping grade for traveling around an underground mine in a self-propelled vehicle or mining machine. These tunnels are often driven in a spiral, much the same as a staircase, to access different elevations in the mine.
- DEPOSIT:** A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify commercially mineable ore body or as containing ore reserves.
- DEVELOPMENT:** Work carried out for the purpose of opening up a mineral deposit. In an underground mine this includes shaft sinking, crosscutting, drifting and raising. In an open pit mine, development includes the removal of overburden.
- DILUTION:** The effect of waste or low-grade ore which is unavoidably included in the mined ore, lowering the recovered grade.
- DOME:** An uplifted structure with an inverted bowl shape.
- DRILLING:** *Core:* drilling with a hollow bit with a diamond cutting rim to produce a cylindrical core that is used for geological study and assays. Used in mineral exploration.
In-fill: any method of drilling intervals between existing holes, used to provide greater geological detail and to help establish reserve estimates.
- EM SURVEY:** A geophysical survey method which measures the electromagnetic properties of rocks.
- EXPLORATION:** Prospecting, sampling, mapping, diamond- drilling and other work involved in searching for ore.
- GANGUE:** The worthless minerals in an ore deposit.
- GEOCHEMISTRY:** The use of a broad spectrum of chemical elements and ratios and their patterns, which are naturally dispersed around ore deposits, to detect concealed mineralization.
- GEOPHYSICS:** The use of the physical, magnetic or electrical properties of rock formations, minerals and orebodies to remotely detect new ore deposits, either by ground or airborne surveys.
- GRADE:** The amount of metal in designated quantity of ore, normally expressed as a percentage for most base metals.
- HAULAGE:** The horizontal transport of ore as from the minesite to the mill.
- LBS:** pounds
- LJV:** The Lanfranchi Joint Venture, of which Brilliant is a 25% participant, and is the operator of the Lanfranchi Nickel Mine
- MASSIVE ORE:** Massive sulphide ore is composed of greater than 95% sulphide with minor gangue material.
- MINERALIZATION:** A natural aggregate of one or more metallic minerals.

MINERAL RESERVES AND MINERAL RESOURCES: Have the meaning ascribed to such terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000 as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

MLBS: million pounds

NI: Nickel

NICKEL DELIVERED: The quantity of contained nickel metal in ore delivered from the mine to the mill

NICKEL PRODUCED OR MINED: The quantity of contained nickel metal in ore mined and available for delivery

OPERATING UNIT COSTS ON A PAYBLE NICKEL BASIS: Non-capitalized direct costs from mine operations divided by the quantity of payable nickel produced.

ORE: Rock, generally containing metallic or nonmetallic minerals, which can be mined and processed at a profit.

ORE BODY: A sufficiently large amount of ore that can be mined economically with defined ore reserves.

ORE DELIVERED: The quantity of ore delivered from the mine to the mill

ORE PRODUCED OR MINED: The quantity of ore metal mined and available for delivery

ORE RESERVES: The calculated tonnage and grade of mineralization which can be extracted profitably; classified according to the level of confidence that can be placed in the data.

OVERTURNED: Lithology that has been deformed in such a way that the oldest beds are lying on top of younger beds.

PARTICIPATING INTEREST: A company's interest in a mine, which entitles it to a certain percentage of profits in return for putting up an equal percentage of the capital cost of the project.

PAYABLE NICKEL: the quantity of nickel metal less the loss on recoveries, less the nickel metal deducted by the customer as the smelting/refining charge and less any additional deductions of nickel metal derived through the handling or processing of the ore. Also the quantity of Nickel metal paid to the mining company at the spot price of nickel.

PLUNGE: The vertical angle an orebody makes between the horizontal plane and the direction along which it extends, longitudinally to depth.

RAISE: A vertical or inclined underground working that has been excavated from the bottom upward. Or A secondary or tertiary inclined opening, vertical or near-vertical opening driven upward from a level to connect with the level above, or to explore the ground for a limited distance above one level.

RECOVERY: A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.

SMELTER: A facility where metal is separated by fusion from those impurities with which it may be chemically combined or physically mixed, such as in ore..

SPOT PRICE: Current delivery price of a commodity traded in the spot market.

STOPE: An excavation in an underground mine from which ore is being or has been extracted.

SULPHIDE: A compound of sulphur and some other element. Example: nickel sulphide.

T or TONNE: Equal to 1000 kilograms or 1.102 standard short tons (U.S.).

TREATMENT CHARGE: The cost to mill the ore delivered

USD: US dollars

VENTILATION: The provision of a directed flow of fresh and return air along all underground roadways, traveling roads, workings, and service parts.

WASTE: Barren rock in a mine, or mineralized material that is too low in Grade to be mined and milled at a profit.