

**Brilliant Mining Corp**

**Financial Statements**

Three and Nine months ended June 30, 2005 and 2004

**Brilliant Mining Corp.**

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

The attached interim financial statements for the three and nine months ended June 30, 2005 and 2004 have not been reviewed by the company's auditors.

**Brilliant Mining Corp.**  
**Balance Sheets**

|  | <b>June 30,<br/>2005<br/>(unaudited)</b> | <b>September 30,<br/>2004<br/>(audited)</b> |
|--|--|---|
| <b>Assets</b>                                    |  |   |
| <b>Current</b>                                   |  |   |
| Cash and cash equivalents                        | \$ 614,923                               | \$ 58,419                                   |
| GST receivable                                   | 19,567                                   | 4,236                                       |
|  | <b>634,490</b>                           | <b>62,655</b>                               |
| <b>Mineral interests (note 2)</b>                | <b>164,472</b>                           | <b>555,034</b>                              |
|  | <b>\$ 798,962</b>                        | <b>\$ 617,689</b>                           |
| <b>Liabilities and share capital and deficit</b> |  |   |
| <b>Current</b>                                   |  |   |
| Accounts payable and accrued liabilities         | \$ 80,518                                | \$ 39,371                                   |
| <b>Contingent Liability (note 3)</b>             |  |   |
| <b>Share capital and deficit</b>                 |  |   |
| Share capital (note 4)                           | 1,682,917                                | 964,048                                     |
| Contributed surplus (note 5)                     | 175,159                                  | 106,011                                     |
| Deficit  | (1,139,632)                              | (491,741)                                   |
|  | <b>718,444</b>                           | <b>578,318</b>                              |
|  | <b>\$ 798,962</b>                        | <b>\$ 617,689</b>                           |

Approved On Behalf Of The Board  
 Director "John Williamson"  
 Director "Sean Mager"

**Brilliant Mining Corp.**  
**Statements of Loss**  
**(unaudited)**

| <b>Three and nine months ended June 30</b> | <b>2005</b><br><b>(3 months)</b> | <b>2004</b><br><b>(3 months)</b> | <b>2005</b><br><b>(9 months)</b> | <b>2004</b><br><b>(9 months)</b> |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Expenses</b>                            |                                  |                                  |                                  |                                  |
| Rent                                       | \$ 1,500                         | \$ 920                           | \$ 2,868                         | \$ 14,520                        |
| Professional fees                          | 3,104                            | 4,288                            | 22,646                           | 12,478                           |
| Office and administration                  | 559                              | 801                              | 1,238                            | 3,636                            |
| Amortization                               | -                                | 95                               | -                                | 285                              |
| Promotion and investor relations           | 6,463                            | -                                | 11,069                           | -                                |
| Corporate fees                             | 3,910                            | 1,462                            | 13,054                           | 8,558                            |
| Management fees (note 7)                   | 9,000                            | 6,000                            | 21,000                           | 12,000                           |
| Stock Based Compensation                   | -                                | -                                | 22,500                           | 33,250                           |
| <b>Loss from operations</b>                | <b>(24,536)</b>                  | <b>(13,566)</b>                  | <b>(94,374)</b>                  | <b>(84,727)</b>                  |
| <b>Other income (expenses)</b>             |                                  |                                  |                                  |                                  |
| Interest                                   | 1,116                            | 370                              | 2,295                            | 2,108                            |
| Mineral interests written off              | (555,812)                        | -                                | (555,812)                        | -                                |
| <b>Net loss for the period</b>             | <b>(579,232)</b>                 | <b>(13,196)</b>                  | <b>(647,891)</b>                 | <b>(82,619)</b>                  |
| <b>Deficit, beginning of period</b>        | <b>(560,400)</b>                 | <b>(433,726)</b>                 | <b>(491,741)</b>                 | <b>(364,303)</b>                 |
| <b>Deficit, end of period</b>              | <b>\$ (1,139,632)</b>            | <b>\$ (446,922)</b>              | <b>\$ (1,139,632)</b>            | <b>\$ (446,922)</b>              |
| <b>Basic and diluted loss per share</b>    | <b>\$ 0.058</b>                  | <b>\$ 0.002</b>                  | <b>\$ 0.086</b>                  | <b>\$ 0.012</b>                  |
| <b>Weighted average number of shares</b>   | <b>9,965,217</b>                 | <b>6,654,997</b>                 | <b>7,556,535</b>                 | <b>6,654,997</b>                 |

**Brilliant Mining Corp.**  
**Statements of Cash Flows**  
**(unaudited)**

| <b>Three and nine months ended June 30</b>              | <b>2005</b><br><b>(3 months)</b> | <b>2004</b><br><b>(3 months)</b> | <b>2005</b><br><b>(9 months)</b> | <b>2004</b><br><b>(9 months)</b> |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Cash flows from operating activities</b>             |                                  |                                  |                                  |                                  |
| Net loss  | \$ (579,232)                     | \$ (13,196)                      | \$ (647,891)                     | \$ (82,619)                      |
| Adjustments for:  |                                  |                                  |                                  |                                  |
| Amortization  | -                                | 95                               | -                                | 285                              |
| Stock based compensation                                | -                                | -                                | 22,500                           | 33,250                           |
| Mineral interests written off                           | 555,812                          | -                                | 555,812                          | -                                |
|   | <b>(23,420)</b>                  | <b>(13,101)</b>                  | <b>(69,579)</b>                  | <b>(49,084)</b>                  |
| Change in non-cash working capital items                |                                  |                                  |                                  |                                  |
| GST receivable  | (14,693)                         | 3,031                            | (15,331)                         | 926                              |
| Accounts payable and accrued liabilities                | 16,530                           | 10,429                           | 41,147                           | 22,160                           |
| Prepaid Expenses  | -                                | 922                              | -                                | 1,178                            |
|   | <b>(21,583)</b>                  | <b>1,281</b>                     | <b>(43,763)</b>                  | <b>(24,820)</b>                  |
| <b>Cash flows from investing activities</b>             |                                  |                                  |                                  |                                  |
| Mineral interest acquisition and exploration costs paid | (96,872)                         | -                                | (165,250)                        | (3,152)                          |
| <b>Cash flows from financing activities</b>             |                                  |                                  |                                  |                                  |
| Issuance of share capital                               | 541,458                          | -                                | 765,517                          | -                                |
| <b>Increase (decrease) in cash</b>                      | <b>423,003</b>                   | <b>1,281</b>                     | <b>556,504</b>                   | <b>(27,972)</b>                  |
| <b>Cash, beginning of period</b>                        | <b>191,920</b>                   | <b>76,134</b>                    | <b>58,419</b>                    | <b>105,387</b>                   |
| <b>Cash, end of period</b>                              | <b>\$ 614,923</b>                | <b>\$ 77,415</b>                 | <b>\$ 614,923</b>                | <b>\$ 77,415</b>                 |
| <b>Other information</b>                                |                                  |                                  |                                  |                                  |
| Interest received                                       | \$ 1,116                         | \$ 370                           | \$ 2,295                         | \$ 2,108                         |

**Brilliant Mining Corp.**  
**Notes to the Financial Statements**  
**(unaudited)**

**June 30, 2005**

**1. Nature of operations**

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. 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 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 company became a reporting issuer in January 2002 and the information presented for the three and nine month periods ended June 30, 2005 has been presented in accordance with Canadian generally accepted accounting principles for interim financial reporting. These interim financial statements follow the same accounting policies and methods of their application as, and should be read in conjunction with, the annual audited financial statements for the year ended September 30, 2004.

**2. Mineral interests**

|                       | <b>June 30,<br/>2005</b> | September 30,<br>2004 |
|-----------------------|--------------------------|-----------------------|
| Medley River Property | \$ -                     | \$ 555,034            |
| Ossok - East          | <b>31,640</b>            | -                     |
| Ossok – West          | <b>38,360</b>            | -                     |
| Michikamau            | <b>69,239</b>            | -                     |
| Chesterfield          | <b>12,860</b>            | -                     |
| Scoop                 | <b>12,373</b>            | -                     |
|                       | <b>\$ 164,472</b>        | <b>\$ 555,034</b>     |

*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. During the period ended June 30, 2005, mineral claims were allowed to lapse and the property was written off as Management determined that the project lacked merit relative to other opportunities.

*Ossok West and Ossok East Property*

On February 22 and March 2, 2005, the company staked (and beneficially owns 100% of) two additional claim groups in the Ossok Mountain region of western Labrador, named Ossok West and Ossok East, which are PGE-Ni-Cu properties totaling over 120 square kilometers. In conjunction with the staking, the company paid \$11,400 and \$12,800 respectively as a potentially refundable exploration deposits with the Government of Newfoundland and Labrador.

**June 30, 2005**

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**2. Mineral interests, continued**

*Michikamau Property*

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.

*Chesterfield Property*

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.

*Scoop Property*

In June 2005, the Company staked a claim in the Scoop Property in Newfoundland-Labrador which is a Ni-Cu-Co-PGE property. In conjunction with this staking, the Company paid a non-refundable recording fee to the Newfoundland Government of \$1,700, and a potentially refundable deposit with the Newfoundland Government of \$8,500.

**3. Contingent Liability**

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.

**Brilliant Mining Corp.**  
**Notes to the Financial Statements**  
**(unaudited)**

**June 30, 2005**

**4. Share capital**

**a) Authorized**

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

**b) Common shares issued**

|                                     | <b>Number</b>     | <b>Amount</b>       |
|-------------------------------------|-------------------|---------------------|
| Balance September 30, 2003 and 2004 | 6,654,997         | \$ 964,048          |
| Issued on private placement         | 6,724,600         | 850,000             |
| Issued for mineral properties       | 200,000           | 23,000              |
| Share issue costs                   | -                 | (154,131)           |
|                                     | <b>13,579,597</b> | <b>\$ 1,682,917</b> |

**Private Placements**

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.

On June 17, 2005, the company closed a brokered private placement of 4,000,000 units at a price of \$0.15 per unit, for aggregate proceeds of \$600,000. Of the units sold, 2,000,000 units consisted of one common share and one share purchase warrant. The remaining 2,000,000 units (flow-through units) consisted of one common share issued as "flow-through share" and one-half of a share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share for a period of two years from closing at an exercise price of \$0.25 per common share. The company paid underwriters' commissions of \$16,290 in cash, an aggregate of 224,600 units at a deemed price of \$0.15 per unit, warrants to purchase 333,200 shares at a price of \$0.20 per share expiring in two years from closing, and a corporate finance fee of \$20,000, in addition to the agent's reasonable costs and expenses.

**c) Warrants**

|  | <b>Number</b>    | <b>Weighted<br/>average<br/>exercise price</b> |
|--|------------------|--|
| Outstanding warrants, September 30, 2004 | -                | -  |
| Granted on private placement (note 4b)   | 5,724,600        | 0.23   |
| Issued on property acquisition (note 2)  | 200,000          | 0.25   |
|  | <b>5,924,600</b> | <b>\$ 0.23</b>                                 |

**Brilliant Mining Corp.**  
**Notes to the Financial Statements**  
**(unaudited)**

**June 30, 2005**

**4. Share capital, continued**

| <b>Exercise Prices</b> | <b>Number outstanding</b> | <b>Weighted average remaining contractual life in years</b> |
|------------------------|---------------------------|---|
| \$ 0.20                | 2,500,000                 | 1.60  |
| 0.25                   | 200,000                   | 1.60  |
| 0.25                   | 3,224,600                 | 2.00  |
| <b>\$ 0.23</b>         | <b>5,924,600</b>          | <b>1.82</b>   |

**d) Stock options**

|   | <b>Number</b>  | <b>Weighted average exercise price</b> |
|---|----------------|--|
| Outstanding options, September 30, 2004   | 665,000        | 0.13                                   |
| Granted                                   | 250,000        | 0.12                                   |
| <b>Outstanding options, June 30, 2005</b> | <b>915,000</b> | <b>\$ 0.13</b>                         |

| <b>Exercise Prices</b> | <b>Number outstanding</b> | <b>Weighted average remaining contractual life in years</b> |
|------------------------|---------------------------|---|
| \$ 0.13                | 665,000                   | 3.70  |
| 0.12                   | 250,000                   | 4.60  |
| <b>\$ 0.13</b>         | <b>915,000</b>            | <b>3.95</b>   |

**e) Agents' warrants**

|  | <b>Number</b>  | <b>Weighted avg. exercise price</b> |
|--|----------------|-------------------------------------|
| Outstanding warrants, December 31, 2004    | -              | -                                   |
| Granted                                    | 333,200        | 0.20                                |
| <b>Outstanding warrants, June 30, 2005</b> | <b>333,200</b> | <b>\$ 0.20</b>                      |

| <b>Exercise Prices</b> | <b>Number of Warrants</b> | <b>Weighted average Remaining contractual life in years</b> |
|------------------------|---------------------------|---|
| \$ 0.20                | 333,200                   | 2.00  |

**Brilliant Mining Corp.**  
**Notes to the Financial Statements**  
**(unaudited)**

**June 30, 2005**

**4. Share capital, continued**

**Stock-Based Compensation**

Pursuant to a new Stock Option Agreement for directors, officers, employees and consultants dated March 24, 2004, the Corporation 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 option. These options 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.

During the period, the Company recorded stock-based compensation of \$22,500 (2004 - \$33,250) relating to the 250,000 (2004 - 665,000) options granted. The expense has been recorded 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. 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. The assumptions used are as follows:

|  | June 30, 2005 | September 30, 2004 |
|--|---------------|--------------------|
| Risk free interest rate                        | 1.5%          | 3.91%              |
| Expected hold period prior to exercise (years) | 1             | 5                  |
| Expected volatility                            | 100%          | 115%               |
| Dividend yield per share                       | 0%            | 0%                 |

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility.

**5. Contributed surplus**

|  | <b>June 30,<br/>2005</b> | September 30,<br>2004 |
|--|--------------------------|-----------------------|
| Gain on forgiveness of debt with related party | <b>\$ 72,761</b>         | \$ 72,761             |
| Fair value of agents' warrants issued          | <b>46,648</b>            | -                     |
| Fair value of stock-based compensation         | <b>55,750</b>            | 33,250                |
|  | <b><u>\$ 175,159</u></b> | <u>\$ 106,011</u>     |

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**Brilliant Mining Corp.**  
**Notes to the Financial Statements**  
**(unaudited)**

**June 30, 2005**

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**6. 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           |
| 2011 | <u>61,798</u>     |
|      | <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.

**7. 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 \$18,000; (June 30, 2004 - \$12,000). Included in accounts payable is \$39,944 (September 30, 2004 - \$21,944) due to this director.
- b) Paid or accrued geological consulting fees to a director and officer of the Company in the amount of \$18,000; (June 30, 2004 -nil) which have been capitalized as mineral interest costs.
- c) Paid rent to a shareholder and former director of the Company in the amount of nil; (June 30, 2004 - \$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.