Brilliant Mining Corp.

Consolidated Financial Statements

For the three and six months ended March 31, 2009 and 2008

Brilliant Mining Corp.

Notice of Non-review of Interim Financial Statements

The attached interim financial statements for the three and six months ended March 31, 2009 and 2008 have not been reviewed by the Company's auditors.

Brilliant Mining Corp.
Consolidated Balance Sheets

As at	**March 31, 2009** ***(unaudited)***	September 30, 2008 *(audited)*
Assets		
Current		
Cash and cash equivalents (note 4)	**$ 5,638,993**	$ 5,967,967
Receivables	**3,938,921**	3,780,717
Derivative financial instruments	**-**	255,795
Short-term investments	**-**	316,639
Inventories	**469,732**	560,944
Other	**75,582**	246,270
	10,123,228	11,128,332
Restricted cash (note 4)	**166,798**	161,094
Investments	**432,109**	937,595
Mine property (note 5)	**20,086,080**	20,949,927
Mineral interests (note 6)	**1,876,850**	2,008,520
Property, plant, and equipment (note 7)	**5,383,246**	4,913,785
Total assets	**$ 38,068,311**	$ 40,099,253
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 9,865,215**	$ 4,252,368
Capital lease obligations	**1,775,288**	1,468,352
Derivative financial instruments	**-**	387,970
Income taxes payable	**93,310**	299,919
	11,733,813	6,480,609
Asset retirement obligation	**338,391**	339,874
Capital lease obligations	**1,286,260**	1,900,875
Future income taxes	**224,815**	1,925,630
Total liabilities	**13,583,279**	10,574,988
Shareholders' equity	**24,485,032**	29,524,265
Total liabilities and shareholders' equity	**$ 38,068,311**	$ 40,099,253

See significant subsequent event described in note 11.

Approved by the Board

Director (signed by) "*John Williamson*"

Director (signed by) "*Sean Mager*"

Brilliant Mining Corp.
Consolidated Statements of Net Income and Loss

(unaudited)

Period ended March 31	**2009 (3 months)**	2008 (3 months)	**2009 (6 months)**	2008 (6 months)
Revenue				
Nickel sales	**$ 7,761,961**	$ 13,109,439	**$ 12,697,095**	$ 22,404,155
Interest	**33,312**	96,380	**101,872**	186,920
Other	**44,963**	3,670	**59,526**	6,983
	7,840,236	13,209,489	**12,858,493**	22,598,058
Expenses				
Amortization	**2,777,729**	1,999,996	**4,659,352**	3,106,213
Concentrator fees	**812,388**	566,992	**1,676,071**	1,006,429
General and administration	**601,093**	500,623	**1,171,529**	964,828
Interest on capital lease obligations	**13,172**	24,166	**25,819**	46,101
Interest and accretion on convertible debenture	**-**	180,822	**-**	363,653
Interest	**219,922**	30	**253,664**	229
Mining	**3,120,646**	2,195,428	**6,528,019**	4,387,681
Royalties	**167,355**	304,546	**283,417**	489,585
Smelting	**2,716,687**	4,588,306	**4,443,986**	7,841,455
Stock based compensation (note 8)	**-**	440,748	**7,839**	1,854,688
	(10,428,992)	(10,801,587)	**(19,049,696)**	(20,060,862)
	(2,588,756)	2,407,902	**(6,191,203)**	2,537,196
Other income (expenses)				
Foreign exchange	**(425,085)**	900,046	**(782,056)**	724,404
Gain on derivative financial instruments	**259,216**	-	**753,802**	-
Mineral interests written off (note 6)	**(152,923)**	-	**(152,923)**	-
Other	**(194,608)**	22,287	**(194,608)**	-
Net income (loss) before income tax	**(3,102,156)**	3,330,235	**(6,566,988)**	3,261,600
Future income taxes	**850,689**	(1,656,120)	**1,913,183**	(2,708,472)
Net income (loss) for the period	**$ (2,251,467)**	$ 1,674,115	**$ (4,653,805)**	$ 553,128
Basic earnings (loss) per common share (note 8)	**$ (0.03)**	$ 0.02	**$ (0.06)**	$ 0.01
Diluted earnings (loss) per common share (note 8)	**$ (0.03)**	$ 0.02	**$ (0.06)**	$ 0.01

Brilliant Mining Corp.

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(In dollars, except number of common shares),	Number of common shares	Share capital	Contributed Surplus	Convertible debenture – equity portion	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
September 30, 2007	68,766,865	35,466,953	2,666,546	1,000,000	(16,195,831)	425,585	23,363,253
Net income for the year ended September 30, 2008	-	-	-	-	2,789,589	-	2,789,589
Other comprehensive loss:							
Effect of exchange rate fluctuation on translation of net assets of self sustaining foreign operations	-	-	-	-	-	(446,943)	(446,943)
Unrealized loss on available for sale financial assets net of $165,164 in future income taxes	-	-	-	-	-	(1,156,151)	(1,156,151)
Comprehensive income							1,186,495
Stock options vested	-	-	1,991,056	-	-	-	1,991,056
Exercise of warrants	3,767,118	3,671,574	-	-	-	-	3,671,574
Exercise of agents' warrants	320,484	439,063	(118,579)	-	-	-	320,484
Exercise of stock options	124,000	35,320	(16,200)	-	-	-	19,120
Equity portion of interest on convertible debenture	-	-	-	-	(65,206)	-	(65,206)
Settlement of convertible debenture	-	-	-	(1,000,000)	50,000	-	(950,000)
Share issue costs (net of $4,170 in future income tax)	-	(12,511)	-	-	-	-	(12,511)
	4,211,602	4,133,446	1,856,277	(1,000,000)	2,774,383	(1,603,094)	6,161,012
September 30, 2008	72,978,467	39,600,399	4,522,823	-	(13,421,448)	(1,177,509)	29,524,265
Net loss for the six months ended March 31, 2009	**-**	**-**	**-**	**-**	**(4,653,805)**	**-**	**(4,653,805)**
Other comprehensive income (loss):							
Effect of exchange rate fluctuation on translation of net assets of self sustaining foreign operations	**-**	**-**	**-**	**-**	**-**	**44,326**	**44,326**
Unrealized loss on available for sale financial assets net of $63,816 in future income taxes	**-**	**-**	**-**	**-**	**-**	**(442,300)**	**(442,300)**
Comprehensive loss							**(5,051,779)**
Stock options vested (note 8)	**-**	**-**	**7,839**	**-**	**-**		**7,839**
Share issue costs refunded	**-**	**4,707**	**-**	**-**	**-**	**-**	**4,707**
	-	**4,707**	**7,839**	**-**	**(4,653,805)**	**(397,974)**	**(5,039,233)**
March 31, 2009	**72,978,467**	**39,605,106**	**4,530,662**	**-**	**(18,075,253)**	**(1,575,483)**	**24,485,032**

Brilliant Mining Corp.

Consolidated Statements of Cash Flows

(unaudited)

Period ended March 31	**2009 (3 months)**	2008 (3 months)	**2009 (6 months)**	2008 (6 months)
Operating activities				
Net income (loss) for the period	**$ (2,251,467)**	$ 1,674,115	**$ (4,653,805)**	$ 553,128
Adjustments for:				
Accretion expense	**-**	103,007	**-**	184,641
Amortization	**2,777,729**	1,999,996	**4,659,352**	3,106,213
Future income taxes	**(850,689)**	1,656,120	**(1,913,183)**	2,708,472
Mineral interests written down	**152,923**	-	**152,923**	-
Stock based compensation	**-**	440,748	**7,839**	1,854,688
Gain on derivative financial instruments	**494,586**	-	**-**	-
	323,082	5,873,986	**(1,746,874)**	8,407,142
Foreign currency translation	**142,751**	458,771	**318,397**	413,936
Changes in non-cash working capital:				
Receivables	**(2,843,503)**	(1,350,137)	**(158,204)**	(1,790,035)
Derivative financial instruments	**(760,713)**	40,200	**(132,175)**	-
Accounts payable and accrued liabilities	**3,036,468**	1,114,016	**5,612,847**	1,815,387
Income taxes payable	**1,882**	-	**(206,609)**	-
Other current assets	**34,633**	(203,564)	**261,900**	(349,487)
	(65,400)	5,963,272	**3,949,282**	8,496,943
Investing activities				
Short term investments matured	**-**	-	**316,639**	-
Mineral exploration expenditures	**(11,188)**	(20,000)	**(21,253)**	(56,798)
Lanfranchi mine expenditures	**(656,275)**	(2,356,280)	**(2,824,686)**	(3,413,795)
Purchases of property, plant, and equipment	**(606,513)**	(1,480,925)	**(1,440,280)**	(1,828,612)
	(1,273,976)	(3,857,205)	**(3,969,580)**	(5,299,205)
Financing activities				
Interest on equity portion of convertible debenture	**-**	(24,657)	**-**	(49,590)
Repayment of capital lease obligations	**(109,399)**	(36,161)	**(307,679)**	(164,245)
Repayment of note payable	**-**	-	**-**	(334,625)
Net proceeds from issuance of share capital	**4,707**	589,199	**4,707**	592,964
	(104,692)	528,381	**(302,972)**	44,504
Net increase (decrease) in cash	**(1,444,068)**	2,634,448	**(323,270)**	3,242,242
Cash, beginning of period	**7,249,859**	9,743,024	**6,129,061**	9,135,230
Cash, end of period	**$ 5,805,791**	$ 12,377,472	**$ 5,805,791**	$ 12,377,472
Cash is composed of:				
Cash and cash equivalents	**$ 5,638,993**	$ 12,199,949	**$ 5,638,993**	$ 12,199,949
Restricted cash	**166,798**	177,523	**166,798**	177,523
	$ 5,805,791	$ 12,377,472	**$ 5,805,791**	$ 12,377,472

1. Nature of operations

Brilliant Mining Corp. ("Brilliant") was incorporated under the Alberta Business Corporations Act on October 1, 1998 and has its shares listed for trading on the TSX Venture Exchange. 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 consisting of a producing nickel mine property on an approximately 50 km^2 contiguous mineral tenement package ("Tramways tenements") in Western Australia. Brilliant and Donegal are referred to collectively in these consolidated financial statements as the "Company".

Subsequent to March 31, 2009, the Company completed the sale of Donegal, including its 25% interest in the Lanfranchi Joint Venture, and all associated property and equipment as more fully described in note 11.

2. Significant accounting policies

Basis of presentation

The accompanying unaudited interim consolidated financial statements have been prepared by the Company following the same accounting policies and methods as those disclosed in the audited consolidated financial statements for the year ended September 30, 2008, unless otherwise stated. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in Canada have been omitted. These interim consolidated financial statements should be read in conjunction with the September 30, 2008 audited consolidated financial statements and the notes thereto. In the opinion of management, all adjustments of a normal and recurring nature that are necessary for a fair presentation of the balance sheet, results of operations, and cash flows of those interim periods have been included. Certain figures in the comparative financial statements have been reclassified to conform to presentation adopted in the current period.

The consolidated financial statements use the Canadian Dollar as the unit of measurement. All amounts are in Canadian Dollars unless otherwise specified. Where foreign currency amounts are disclosed, the International Organization for Standardization currency symbol is used.

New accounting policies

The following new accounting policies have been adopted by the Company effective October 1, 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 has been adopted by the Company as of October 1, 2008. The new standard does not 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 adoption of this standard does not have an impact on the Company's 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 adoption of this new standard has not had an effect on the Company's consolidated financial statements.

3. Segmented information

The Company's operations are managed on a regional basis. The two regional operational segments are Canada and Australia. Property, plant and equipment is disclosed in note 7 in a manner consistent with the requirements for segmented information.

The following table allocates assets by segment:

	March 31, 2009	September 30, 2008
Canada	**$ 6,818,418**	$ 4,406,200
Australia	**31,249,892**	35,693,053
Total assets	**$ 38,068,310**	$ 40,099,253

The following tables allocate revenues and net loss by segment:

Period ended March 31	**2009 (3 months)**	2008 (3 months)	**2009 (6 months)**	2008 (6 months)
Canada	**$ 2,965**	$ 53,776	**$ 11,769**	$ 115,457
Australia	**7,837,271**	13,155,713	**12,846,724**	22,482,601
Total revenues	**$ 7,840,236**	$ 13,209,489	**$ 12,858,493**	$ 22,598,058

Period ended March 31	**2009 (3 months)**	2008 (3 months)	**2009 (6 months)**	2008 (6 months)
Canada	**$ (1,231,196)**	$ (687,332)	**$ (1,542,212)**	$ (2,790,783)
Australia	**(1,020,271)**	2,361,447	**(3,111,593)**	3,343,911
Net income (loss)	**$ (2,251,467)**	$ 1,674,115	**$ (4,653,805)**	$ 553,128

4. Cash and cash equivalents

Cash consists of cash on hand and cash on demand deposit with accredited financial institutions in Canada and Australia. The Company has provided $25,000 (2007 - $25,000) of cash as security to one of the Company's financial institutions for corporate credit card liabilities. In addition, cash includes a restricted amount of AUD 162,500 ($141,798) (September 30, 2008 – AUD 162,500 ($136,094)) held by one of the Company's financial institutions as a guarantee against a performance bond, held in the name of the original vendor of the Lanfranchi Nickel Mine, in order to guarantee future reclamation activities at the Lanfranchi site. These items have been classified as a non-current asset due to the restrictions above.

A portion of the Company's cash is in the custody of the Lanfranchi Joint Venture, operated by a third party, but under joint control.

5. Mine property – Lanfranchi Joint Venture

The Company has a 25% interest in the Lanfranchi Joint Venture ("Lanfranchi JV") which includes the producing Lanfranchi Nickel Mine and a sublease over the Lanfranchi and associated Tramways tenements, consisting of 37 mineral leases over 50 km^2 located in the Kambalda Nickel District in the state of Western Australia, Australia. Revenue from nickel ore sales resulting from the mining activities of the Lanfranchi JV are recognized by the Company directly.

Lanfranchi mine

The primary asset of the Lanfranchi JV is the Lanfranchi Nickel Mine. The mine property, including acquisition costs and subsequent additions, is amortized on a units-of-production basis based on proven reserves. The following is a schedule of movement in the carrying value of the mine for the six month periods ended March 31, 2008 and 2007:

	2009	2008
Balance, beginning of period	**$ 20,949,927**	$ 19,779,186
Mine development	**2,075,269**	2,529,814
Pre-production	**48,705**	28,303
Exploration	**265,012**	465,638
Foreign exchange adjustment	**435,700**	624,060
Amortization	**(3,688,533)**	(2,385,244)
Balance, March 31	**$ 20,086,080**	$ 21,041,757

Lanfranchi Joint Venture

The consolidated balance sheets include the Company's proportionate interest in the assets and liabilities of the Lanfranchi Joint Venture. The Company's aggregate interest in such items is disclosed below:

Selected balance sheet **As at September 30**	**March 31 2009**	September 30 2008
Current assets	**$ 869,289**	$ 2,356,592
Non-current assets	**15,106,369**	14,199,637
	$ 15,975,658	$ 16,556,229
Current liabilities	**$ 3,456,049**	$ 4,838,955
Non-current liabilities	**1,913,670**	2,296,288
	$ 5,369,719	$ 7,135,243

6. Mineral interests

Additions (In dollars)	Ossok West	Michikamau	Total
Balance, September 30, 2007	130,661	1,827,500	1,958,161
Acquisition	-	20,000	20,000
Claims and land use	-	1,750	1,750
Geological consulting	450	9,632	10,082
Assaying	-	7,966	7,966
Fieldwork	-	17,000	17,000
Balance, March 31, 2008	131,111	1,883,848	2,014,959
Deposits	21,812	(28,251)	(6,439)
Balance, September 30, 2008	152,923	1,855,597	2,008,520
Acquisition	**-**	**10,000**	**10,000**
Geological consulting	**-**	**11,253**	**11,253**
Mineral interests write-down	**(152,923)**	**-**	**(152,923)**
Balance, March 31, 2009	**-**	**1,876,850**	**1,876,850**

Balances (In dollars)	Michikamau	Total
Acquisition cost	68,155	68,155
Claims, land use and refundable deposits	141,170	141,170
Exploration	1,667,525	1,667,525
	1,876,850	**1,876,850**

The Company intends to allow the mineral claims comprising the Ossok West mineral interest in the Province of Newfoundland and Labrador to lapse as the property lacks merit relative to other opportunities. Accordingly the capitalized balance of $152,923 relating to the Ossok West mineral interest has been written down.

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

7. Property, plant, and equipment

As at March 31, 2009

	Cost	Accumulated Amortization	Net
Canadian operations			
Computer equipment	**$ 46,278**	**$ 23,944**	**$ 22,334**
Office furniture and equipment	**8,016**	**3,630**	**4,386**
	54,294	**27,574**	**26,720**
Australian operations			
Buildings	**51,614**	**328**	**51,286**
Office furniture and equipment	**27,542**	**13,042**	**14,500**
Plant and equipment	**3,979,614**	**1,410,428**	**2,569,186**
Plant and equipment under capital lease	**4,667,584**	**1,950,160**	**2,717,424**
	8,730,484	**3,373,958**	**5,356,526**
	$ 8,784,778	**$ 3,401,532**	**$ 5,383,246**

As at September 30, 2008

	Cost	Accumulated Amortization	Net
Canadian operations			
Computer equipment	$ 46,278	$ 20,003	$ 26,275
Office furniture and equipment	8,016	3,142	4,874
	54,294	23,145	31,149
Australian operations			
Buildings	49,538	265	49,273
Office furniture and equipment	24,943	12,517	12,426
Plant and equipment	2,855,867	937,528	1,918,339
Plant and equipment under capital lease	4,205,608	1,303,010	2,902,598
	7,135,956	2,253,320	4,882,636
	$ 7,190,250	$ 2,276,465	$ 4,913,785

8. Share capital

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

Other than those due to the exercise of share purchase warrants and stock options, there have been no share issuances in the current or comparative period.

Per share calculations

For the three and six months ended March 31, 2009, the basic weighted average number of common shares outstanding was 72,978,467 (2008 – 70,058,364) and 72,978,467 (2008 – 69,408,529) respectively.

For the three and six months ended March 31, 2009, the exercise of dilutive securities would be anti-dilutive as the Company was in a net loss position. Under the treasury stock method, the diluted weighted average number of common shares outstanding for the three and six months ended March 31, 2008 was 78,244,394 and 78,134,849 respectively.

Stock options

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

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

A summary of stock option activity is as follows:

	Number of options	Weighted average exercise price ($)
Outstanding options, September 30, 2008	6,868,000	0.91
Expired	(528,000)	0.13
Outstanding options, March 31, 2009	**6,340,000**	**0.97**

A summary of the options outstanding at December 31, 2008 is as follows:

Exercise price ($)	Number of options outstanding	Number of options exercisable	Remaining contractual life in years
0.115	160,000	160,000	0.8
0.16	310,000	310,000	1.6
0.33	500,000	500,000	1.8
0.55	270,000	270,000	2.3
0.80	2,950,000	2,950,000	2.5
1.50	500,000	500,000	3.0
2.50	25,000	25,000	3.1
1.50	725,000	725,000	3.5
1.70	900,000	900,000	3.6
0.97	**6,340,000**	**6,340,000**	**2.7**

During the six months ended March 31, 2009, the Company recognized stock based compensation related to stock options vesting during the period totaling $7,839.

During the three months ended March 31, 2008, the Company recognized stock based compensation related to stock options issued and vesting in the period totaling $1,854,688.

On January 5, 2009, shareholders of the Company approved a resolution whereby the Directors of the Company are authorized to amend the exercise price of outstanding stock options granted to insiders of the Company pursuant to the Plan, subject to the approval of the TSX Venture Exchange, provided the amended exercise price per Common Share shall not be less than the greater of the Discounted Market price (as defined by the Exchange Policy 1.1) and $0.50.

Subsequent to March 31, 2009, the Company obtained shareholder approval to effect, as part of the Arrangement, a return of stated capital and a consolidation of the Company's common shares on a basis of one post-consolidation common share for two pre-consolidation common shares. In addition, disinterested shareholder approval was obtained to authorize the Directors of the Company to further amend the exercise price of outstanding stock options granted to insiders of the Company pursuant to the Plan ("Insider Options"), subject to the approval of the TSX Venture Exchange. The amended exercise price of the Insider Options will be set by the Board and shall be the greater of the Market Price (as defined in TSXV Policy 1.1) of the Brilliant shares on the date of amendment and $0.10.

The Board has yet not applied for or effected an amendment to the exercise price of outstanding stock options.

9. Related party transactions

During the six months ended March 31, 2009, the Company incurred management consulting fees included in general and administrative expenses of $254,950 (2008 - $115,190) to directors and officers or companies controlled by directors.

During the six months ended March 31, 2008, the Company was charged $250,000 in interest on a convertible debenture payable to the vendors of Donegal. Of this amount, $200,410 was included as a component of convertible debenture interest expense and $49,590 was accounted for as a reduction to shareholders' equity. At March 31, 2008, $49,618 of interest was payable to these companies in addition to the principal amount of $5,000,000. The principal amount of the convertible debenture and all accrued interest was paid in the year ending September 30, 2008

At March 31, 2009, the Company had accounts payable to companies with common directors the amount of $53,868 (September 30, 2008 - $58,529) relating to the reimbursement of shared office, staff, and administrative costs. The amounts were paid subsequent to March 31, 2009 and September 30, 2008.

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

10. Financial instruments

Fair value

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

The fair value of capital lease obligations attributable to the Company through its interest in the Lanfranchi JV approximates its carrying value as the joint venture's cost of borrowing is comparable to its cost of borrowing at the inception of the leases.

Capital management

The Company's capital consists of: cash and cash equivalents and share capital. The Company may also utilize debt facilities or instruments, including convertible debt instruments, for capital management.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its operating and capital expenditure obligations arising from the Company's investment in the Lanfranchi Joint Venture; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through the sale of its share of nickel ore produced at the Lanfranchi Nickel Mine and, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

The Company may, from time to time, invest capital that is surplus to immediate operational needs in short-term, liquid, and highly rated financial instruments held with major financial institutions, or in marketable securities. The Company may also, from time to time, enter into forward foreign exchange and commodity price contracts to hedge a portion of its exposure to movements in foreign exchange and commodity prices. The company does not maintain a formal hedging strategy.

Risk management

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

Interest risk

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

The Company had approximately $5.8 Million in cash and cash equivalents at March 31, 2009, on which it earns variable rates of interest, and is therefore subject to a certain amount of risk, though this risk is deemed to be immaterial to management of the Company. The Company's capital lease obligations are fixed-interest bearing liabilities and are therefore not subject to interest rate risk.

Credit risk

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

The Company has assessed its exposure to credit risk and has determined that such risk is minimal. The material majority of the Company's cash and cash equivalents are held with financial institutions in Canada and Australia. Cash and cash equivalents held with the Company's Canadian financial institution are guaranteed in full by the Crown in Right of Alberta A substantial amount of the Company's receivables is due from one party which is a subsidiary of BHP Billiton, one of the largest mining companies in the world. The Company has determined that no significant risks exist from these concentrations of credit.

Foreign currency risk

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

The Company's operations in Australia, including its mining and mine development operations incurred through the Lanfranchi JV are denominated in Australian Dollars. The Company's receipts from the sale of nickel ore produced by the Lanfranchi Nickel Mine are denominated in United States Dollars. The Company's corporate costs and share capital, as well as the Company's reporting currency, is in Canadian Dollars. The Company, from time to time, enters into forward foreign exchange contracts to hedge a portion of its US Dollar receipts from the sale of nickel ore, though it does not maintain a formal hedging strategy.

Liquidity risk

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

Consolidated working capital (current assets less current liabilities) at March 31, 2009, is a deficit of approximately $1.6 Million. This amount is composed of a working capital deficit in the Lanfranchi Joint Venture of approximately $2.6 Million (note 5) and corporate working capital of approximately $1.0 Million.

Management has determined that current working capital is insufficient to meet the Company's obligations related to its 25% interest in the Lanfranchi Joint Venture due to low nickel market prices and large capital investment requirements at the Lanfranchi Mine. The Company has entered into an agreement with its joint venture partner to sell its Australian subsidiary which holds the Company's interest in the Lanfranchi Joint Venture, which is described more fully in note 10. Subsequent to completion of the Arrangement, the Company's working capital is estimated to be approximately $5 Million.

11. Subsequent events

On February 26, 2009, the Company announced that it had entered into an agreement (the "Share Purchase Agreement") to sell all of the outstanding shares of Donegal Resources Pty Ltd., a wholly-owned subsidiary of the Company including a 25% interest in the Lanfranchi Nickel Mine, associated tenements, and the Lanfranchi Joint Venture, to Panoramic Resources Ltd. ("Panoramic"). Panoramic is an Australian based nickel sulphide producer listed on the Australian Stock Exchange under the symbol "PAN", and is the Company's joint venture partner in the Lanfranchi Joint Venture.

Under the terms of the Share Purchase Agreement, the Company will retain accumulated working capital, less corporate costs incurred to closing, from operations of the Lanfranchi Nickel Mine up to November 1, 2008, which is the "Effective Date" as contemplated by the Share Purchase Agreement. Consideration to be received for the shares of Donegal consists of 12 Million ordinary shares of Panoramic ("Consideration Shares") and 3 Million ordinary share purchase warrants of Panoramic exercisable at AUD 1.50 per ordinary share until December 31, 2012. The Consideration Shares will be subject to escrow for a period of six months from closing.

At a special meeting of shareholders on May 19, 2009, the Company's shareholders approved the Share Purchase Agreement as well as a plan of arrangement ("Arrangement") whereby the Company will distribute the Consideration Shares to the Company's shareholders by way of a reduction of stated capital. The Arrangement also provides for the consolidation of the common shares of the Company on the basis of one post-consolidation common share for two pre-consolidation common shares.

The Share Sale Agreement closed on May 26, 2009 pursuant to the receipt by the Company of shareholder approval, and Panoramic's due diligence. The final Court order to effect the Arrangement was granted on May 27, 2009, and the articles of Arrangement were filed with the Registrar of Corporations for Alberta on May 29, 2009.

The Company's shareholders of record at the close of trading on May 29, 2009 received beneficial ownership of the Consideration Shares *pro rata* to their holdings of Brilliant common shares. Due to the six month escrow period on the Consideration Shares, legal title to the Consideration Shares will remain in the name of the Company until expiry of the escrow period, at which time legal title will be transferred to such registered shareholders.

12. Comparative figures

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