

Brilliant Mining Corp.

Consolidated Financial Statements

For the three and nine months ended June 30, 2009 and 2008

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, 2009 and 2008 have not been reviewed by the Company's auditors.

Brilliant Mining Corp.
Consolidated Balance Sheets

As at	June 30, 2009 <i>(unaudited)</i>	September 30, 2008 <i>(audited)</i>
Assets		
Current		
Cash and cash equivalents (note 5)	\$ 4,691,189	\$ 5,967,967
Receivables	513,764	3,780,717
Derivative financial instruments	-	255,795
Short-term investments	-	316,639
Inventories	-	560,944
Other	60,900	246,270
	<u>5,265,853</u>	<u>11,128,332</u>
Restricted cash (note 5)	25,000	161,094
Investments	3,743,223	937,595
Mine property	-	20,949,927
Mineral interests (note 6)	1,876,920	2,008,520
Property, plant, and equipment (note 7)	91,838	4,913,785
	<u>11,002,834</u>	<u>40,099,253</u>
Total assets	\$ 11,002,834	\$ 40,099,253
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 133,782	\$ 4,252,368
Capital lease obligations	-	1,468,352
Derivative financial instruments	-	387,970
Income taxes payable	-	299,919
	<u>133,782</u>	<u>6,480,609</u>
Asset retirement obligation	-	339,874
Capital lease obligations	-	1,900,875
Future income taxes	-	1,925,630
	<u>133,782</u>	<u>10,574,988</u>
Total liabilities	133,782	10,574,988
Shareholders' equity	<u>10,869,052</u>	<u>29,524,265</u>
Total liabilities and shareholders' equity	\$ 11,002,834	\$ 40,099,253

See material transaction described in note 3.

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 June 30	2009 (3 months)	2008 (3 months)	2009 (9 months)	2008 (9 months)
Revenue				
Interest	\$ 2,939	\$ 35,621	\$ 14,708	\$ 151,078
	2,939	35,621	14,708	151,078
Expenses				
Amortization	5,455	6,570	9,884	9,359
General and administration	311,409	203,970	894,905	883,156
Interest and accretion on convertible debenture	-	114,521	-	478,174
Stock based compensation (note 8)	274,800	178,329	282,639	2,033,017
	(591,664)	(503,390)	(1,187,428)	(3,403,706)
	(588,725)	(467,769)	(1,172,720)	(3,252,628)
Other income (expenses)				
Foreign exchange	(177,570)	(212)	20,775	(1,088)
Realized gain on disposition of held for trading financial assets	13,075,136	-	13,075,136	-
Unrealized gain on held for trading financial assets	2,867,416	-	2,867,416	-
Mineral interests written off (note 6)	-	-	(152,923)	-
Gain on settlement of convertible debenture	-	622,943	-	622,943
Net income (loss) before income tax	15,176,257	154,962	14,637,684	(2,630,773)
Future income taxes	(694,666)	-	(694,666)	-
Net income (loss) from continuing operations	14,481,591	154,962	13,943,018	(2,630,773)
Discontinued operations (note 3)	(7,047,908)	1,503,735	(11,163,139)	4,842,598
Net income for the period	\$ 7,433,683	\$ 1,658,697	\$ 2,779,879	\$ 2,211,825
Basic net income (loss) from continuing operations per common share	\$ 0.40	\$ 0.00	\$ 0.38	\$ (0.08)
Diluted net income (loss) from continuing operations per common share	\$ 0.39	\$ 0.00	\$ 0.38	\$ (0.08)
Basic net income per common share	\$ 0.20	\$ 0.05	\$ 0.08	\$ 0.06
Diluted net income per common share	\$ 0.20	\$ 0.05	\$ 0.08	\$ 0.06

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	34,383,432	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	1,883,559	3,671,574	-	-	-	-	3,671,574
Exercise of agents' warrants	160,242	439,063	(118,579)	-	-	-	320,484
Exercise of stock options	62,000	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)
	2,105,801	4,133,446	1,856,277	(1,000,000)	2,774,383	(1,603,094)	6,161,012
September 30, 2008	36,489,233	39,600,399	4,522,823	-	(13,421,448)	(1,177,509)	29,524,265
Net income for the nine months ended June 30, 2009	-	-	-	-	2,779,879	-	2,779,879
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 \$54,014 in future income taxes	-	-	-	-	-	(378,095)	(378,095)
Reclassification of accumulated foreign exchange from disposition of self sustaining foreign subsidiary	-	-	-	-	-	(22,968)	(22,968)
Comprehensive income							2,423,142
Stock based compensation expense recognized	-	-	282,639	-	-	-	282,639
Exercise of options	117,500	66,550	(31,651)	-	-	-	34,899
Reversal of share issuance costs	-	4,579	-	-	-	-	4,579
Return of stated capital (note 8)	-	(21,400,472)	-	-	-	-	(21,400,472)
	117,500	(21,329,343)	250,988	-	2,779,879	(356,737)	(18,655,213)
June 30, 2009	36,606,733	18,271,056	4,773,811	-	(10,641,569)	(1,534,246)	10,869,052

Brilliant Mining Corp.

Consolidated Statements of Cash Flows

(unaudited)

Period ended June 30	2009	2008	2009	2008
	(3 months)	(3 months)	(9 months)	(9 months)
Operating activities				
Net income (loss) from continuing operations in the period	\$ 14,481,591	\$ 154,962	\$ 13,943,018	\$ (2,630,773)
Adjustments for:				
Amortization	5,455	6,570	9,884	9,359
Unrealized gain on held for trading financial instruments	(2,867,416)	-	(2,867,416)	-
Realized gain on disposal of held for trading financial assets	(13,075,136)	-	(13,075,136)	-
Gain on settlement of convertible debenture	-	(622,943)	-	(622,943)
Future income taxes	694,666	-	694,666	-
Mineral interests written down	-	-	152,923	-
Stock based compensation	274,800	178,329	282,639	2,033,017
	(486,040)	(283,082)	(859,422)	(1,211,340)
Changes in non-cash working capital:				
Receivables	(479,625)	(6,616)	(462,154)	100,454
Accounts payable and accrued liabilities	(22,856)	(964,251)	(83,341)	(943,177)
Other current assets	-	79,489	-	76,089
Cash provided by (used in) continuing operations	(988,521)	(1,174,460)	(1,404,917)	(1,977,974)
Cash provided by (used in) discontinued operations	(459,992)	4,342,755	(666,959)	7,901,935
	(1,448,513)	3,168,295	(2,071,876)	5,923,961
Investing activities				
Investments	-	(2,258,910)	-	(2,258,910)
Short term investments matured	-	-	316,639	-
Mineral interest expenditures	(70)	6,430	(21,323)	(50,368)
Cash proceeds on sale of Donegal	324,210	-	324,210	-
	324,140	(2,252,480)	619,526	(2,309,278)
Financing activities				
Interest on equity portion of convertible debenture	-	(15,616)	-	(65,206)
Settlement of convertible debenture	-	(5,000,000)	-	(5,000,000)
Net proceeds from issuance of share capital	34,771	3,399,453	39,478	3,992,417
	34,771	(1,616,163)	39,478	(1,072,789)
Net increase (decrease) in cash	(1,089,602)	(700,348)	(1,412,872)	2,541,894
Cash, beginning of period	5,805,791	12,377,472	6,129,061	9,135,230
Cash, end of period	\$ 4,716,189	\$ 11,677,124	\$ 4,716,189	\$ 11,677,124
Cash is composed of:				
Cash and cash equivalents	\$ 4,691,189	\$ 11,493,849	\$ 4,691,189	\$ 11,493,849
Restricted cash	25,000	183,275	25,000	183,275
	\$ 4,716,189	\$ 11,677,124	\$ 4,716,189	\$ 11,677,124

Brilliant Mining Corp.

Notes to the Consolidated Financial Statements

For the three and nine months ended June 30, 2009 and 2008

(unaudited)

1. Nature of operations

Brilliant Mining Corp. (“Brilliant” or the “Company”) was incorporated under the Alberta Business Corporations Act on October 1, 1998 and has its shares listed for trading on the TSX Venture Exchange. 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 held a 25% interest in the unincorporated Lanfranchi Joint Venture consisting of a producing nickel mine property on an approximately 50 km² contiguous mineral tenement package in Western Australia.

On May 26, 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.

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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.

Credit risk and Fair Value of Financial Assets and Liabilities

The CICA has issued EIC 173 – Credit Risk and Fair Value of Financial Assets and Liabilities, which provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative financial instruments. This guidance is effective for the current financial year with retrospective application without prior period restatement. The adoption of this new guidance has not had an effect on the Company's consolidated financial statements.

Mining Exploration Costs

The CICA has issued EIC 174 – Mining Exploration Costs, which provides guidance on accounting for capitalization and impairment of exploration costs. This guidance is effective for the current financial year with retrospective application without restatement of prior periods. The adoption of this new guidance has not had a significant effect on the Company's consolidated financial statements.

Future accounting pronouncements

Business Combinations, Consolidated Financial Statements, Non-controlling interests

CICA Handbook sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements, and 1062 – Non-controlling interests will replace the former sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements and establish a new section focused on accounting for a non-controlling interest in a subsidiary. Section 1582 is effective for business combinations for which the acquisition date is on or after January 1, 2011, and sections 1601 and 1602 apply to consolidated financial statements relating to years beginning on or after January 1, 2011. The Company has not evaluated what effect, if any, the adoption of these new standards will have on the Company's consolidated financial statements.

3. Discontinued Operations

Sale of Donegal Resources Pty Ltd., including its 25% interest in the Lanfranchi Joint Venture

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 was the Company's joint venture partner in the Lanfranchi Joint Venture.

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 distributed the Consideration Shares to the Company's shareholders by way of a reduction of stated capital. The Arrangement also provided 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 (see note 8).

The Share Sale Agreement closed on May 26, 2009 pursuant to the receipt by the Company of shareholder approval, and Panoramic's notification that it had satisfactorily completed its due diligence.

Brilliant Mining Corp.

Notes to the Consolidated Financial Statements

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(unaudited)

Under the terms of the Share Purchase Agreement, the Company retained accumulated working capital, less corporate costs incurred to the closing date, 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 received for the shares of Donegal consisted of 12 Million ordinary shares of Panoramic ("Consideration Shares") and 3 Million ordinary share purchase options of Panoramic exercisable at AUD 1.50 per ordinary share until December 31, 2012 (Consideration Options), as well as certain cash adjustments. Beneficial ownership of the Consideration Shares was distributed to shareholders of the Company as part of a Plan of Arrangement (note 8) on May 29, 2009. The Consideration Shares are subject to escrow restrictions until November 26, 2009; during which time they are being held by the Company in trust for its shareholders.

The consideration received for Donegal is as follows:

Consideration Shares ¹	\$ 8,325,336
Consideration Options ²	370,321
Cash ³	772,030
	<hr/>
Total consideration received	\$ 9,467,687

¹ 12,000,000 shares of Panoramic (PAN:ASX) valued at an 11-day weighted average quoted market closing price centered on the date of announcement of the sale of Donegal (February 26, 2009): AUD 0.79/share; 1.1387 AUD:CAD

² 3,000,000 options to purchase shares of Panoramic as described above, valued using the Black-Scholes option pricing model with the following assumptions: market price at issuance, AUD 0.79 (1.1387 AUD:CAD); expected life, 3.6 years; expected volatility 47%; risk free interest rate, 2%.

³ Of the cash consideration, \$447,821 is receivable from Panoramic at June 30, 2009. The amount is subject to change pending completion of audited financial statements of Donegal at the disposal date

As a result of the Sale of Donegal, certain revenues and expenses have been re-classified to discontinued operations on the consolidated statements of net loss for the current and comparative period presented therein. A summary of these amounts follows:

Period ended June 30	2009	2008	2009	2008
	(3 months)	(3 months)	(9 months)	(9 months)
Revenues	\$ 5,076,145	\$ 12,137,433	\$ 17,922,869	\$ 34,620,034
Expenses	(6,115,046)	(9,731,251)	(24,990,184)	(26,166,517)
Loss on sale of discontinued operations	(6,159,586)	-	(5,789,266)	-
Future income taxes	(219,741)	(902,447)	1,693,442	(3,610,919)
	<hr/>		<hr/>	
Discontinued Operations	(7,418,228)	1,503,735	(11,163,139)	4,842,598
	<hr/>		<hr/>	
Basic net income (loss) from discontinued operations per common share	\$ (0.20)	\$ 0.04	\$ (0.31)	\$ 0.14
	<hr/>		<hr/>	
Diluted net income (loss) from discontinued operations per common share	\$ (0.20)	\$ 0.04	\$ (0.31)	\$ 0.13
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Brilliant Mining Corp.

Notes to the Consolidated Financial Statements

For the three and nine months ended June 30, 2009 and 2008

(unaudited)

4. Segmented information

The Company's operations are managed on a regional basis. The two regional operational segments are Canada and Australia.

The following table allocates assets by segment for continuing operations:

	June 30, 2009	September 30, 2008
Canada	\$ 10,390,888	\$ 4,406,200
Australia	611,946	35,693,053
Total assets	<u>\$ 11,002,834</u>	<u>\$ 40,099,253</u>

The following tables allocate revenues and net loss by segment for continuing operations:

Period ended June 30	2009 (3 months)	2008 (3 months)	2009 (9 months)	2008 (9 months)
Canada	\$ 2,699	\$ 35,621	\$ 14,468	\$ 151,078
Australia	365	-	365	-
Total revenues from continuing operations	3,064	35,621	14,833	151,078
Revenues from discontinued operations	5,076,145	12,137,433	17,922,869	34,620,034
Total revenues	<u>\$ 5,079,209</u>	<u>\$ 12,173,054</u>	<u>\$ 17,937,702</u>	<u>\$ 34,771,112</u>
Period ended June 30	2009 (3 months)	2008 (3 months)	2009 (9 months)	2008 (9 months)
Canada	\$ 14,759,367	\$ 154,962	\$ 14,026,186	\$ (2,630,773)
Australia	(277,776)	-	(83,166)	-
Net income (loss) from continuing operations	14,481,591	154,962	13,943,020	(2,630,773)
Net income (loss) from discontinued operations	(7,047,908)	1,503,735	(11,163,139)	4,842,598
Net income	<u>\$ 7,433,683</u>	<u>\$ 1,658,697</u>	<u>\$ 2,779,881</u>	<u>\$ 2,211,825</u>

5. 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. This amount has been classified as a non-current asset due to the restrictions above.

Brilliant Mining Corp.

Notes to the Consolidated Financial Statements

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*(unaudited)***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
Refundable deposits	21,821	(28,251)	(6,430)
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, June 30, 2008	152,932	1,855,597	2,008,529
Deposits	(9)	-	(9)
Balance, September 30, 2008	152,923	1,855,597	2,008,520
Acquisition	-	10,000	10,000
Geological consulting	-	11,323	11,323
Mineral interests write-down	(152,923)	-	(152,923)
Balance, June 30, 2009	-	1,876,920	1,876,920
Balances (In dollars)		Michikamau	Total
Acquisition cost		68,155	68,155
Claims, land use and refundable deposits		141,170	141,170
Exploration		1,667,595	1,667,595
		1,876,920	1,876,920

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.

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(unaudited)

7. Property, plant, and equipment

As at June 30, 2009

	Cost	Accumulated Amortization	Net
Canadian operations			
Computer equipment	\$ 50,114	\$ 25,915	\$ 24,199
Office furniture and equipment	8,016	3,873	4,143
	<u>58,130</u>	<u>29,788</u>	<u>28,342</u>
Australian operations			
Buildings	52,318	359	51,959
Office furniture and equipment	27,917	16,380	11,537
	<u>80,235</u>	<u>16,739</u>	<u>63,496</u>
	<u>\$ 138,365</u>	<u>\$ 46,527</u>	<u>\$ 91,838</u>

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
	<u>54,294</u>	<u>23,145</u>	<u>31,149</u>
Australian operations – continuing 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
	<u>7,135,956</u>	<u>2,253,320</u>	<u>4,882,636</u>
	<u>\$ 7,190,250</u>	<u>\$ 2,276,465</u>	<u>\$ 4,913,785</u>

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.

Plan of Arrangement

Pursuant to the Arrangement (note 3), beneficial ownership of 12 million ordinary shares of Panoramic Resources Ltd. (PAN:ASX) ("Panoramic Shares"), issued to Brilliant as partial consideration for the sale of Donegal (note 3), were distributed to Brilliant's shareholders of record ("Brilliant Shareholders") at the Effective Time on a *pro-rata* basis as a return of stated capital. The Panoramic shares are subject to escrow restrictions (as detailed in note 3) until November 26, 2009 (the "Escrow Period"). As such, the Company shall remain the registered owner of the Panoramic Shares, held in trust for the Brilliant Shareholders, until expiry of the Escrow Period. At the Effective Time, the Company

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determined that the Panoramic Shares had an aggregate fair value of \$21,400,472 based on the closing price of the shares of Panoramic Resources Ltd. on the Australian Stock Exchange of AUD 2.04 per common share of Panoramic, and a Bank of Canada nominal closing exchange rate of AUD 1.1439 per \$1.00. As a result of the distribution of the Panoramic Shares to the Brilliant Shareholders by way of return of stated capital, the Company's share capital has been reduced by the fair value of the Panoramic Shares.

In addition the return of stated capital detailed above, the Arrangement provided for a consolidation of the Company's common shares in the basis of one post-consolidation common share for two pre-consolidation common shares of the Company. As a result, all share and per share amounts in these consolidated financial statements, including comparative information, have been restated to account for the effect of the Arrangement.

Per share calculations

For the three and nine months ended June 30, 2009, the basic weighted average number of common shares outstanding was 36,533,766 (2008 – 35,777,937) and 36,503,590 (2008 – 34,934,191) respectively.

Under the treasury stock method, the diluted weighted average number of common shares outstanding for the three and nine months ended June 30, 2008 was 36,741,126 (2008 – 36,805,785) and 36,587,480 (2008 – 36,185,231) 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	3,434,000	1.82
Issued	1,175,000	0.15
Options repriced – old price	(2,367,500)	(2.11)
– new price	2,367,500	0.15
Exercised	(117,500)	(0.30)
Expired	(581,500)	(1.74)
Outstanding options, June 30, 2009	3,910,000	0.19

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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
0.23	50,000	50,000	0.5
0.32	67,500	67,500	1.2
0.66	250,000	250,000	1.4
0.15	130,000	130,000	1.9
0.15	1,475,000	1,475,000	2.2
0.15	12,500	12,500	2.7
0.15	300,000	300,000	3.2
0.15	450,000	450,000	3.2
0.15	1,175,000	1,175,000	4.9
0.19	3,910,000	3,910,000	3.1

During the nine months ended June 30, 2009, the Company recognized stock based compensation expense related to stock options issued and vesting during the period totaling \$165,139 (2008 - \$2,033,017), and stock based compensation expense related to the repricing of outstanding options in the amount of \$157,300 (2008 - nil).

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.

On May 19, 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.

On June 19, 2009, the Directors of the Company effected a repricing of 2,367,500 outstanding stock options with a weighted average original exercise price of \$2.11 per option to \$0.15 per option. As a result of this transaction, the Company has recorded stock based compensation expense in the amount of \$157,300 representing the incremental increase in the fair value of the options resulting from the new exercise prices.

On June 19, 2009, the Directors of the Company authorized the issuance of 1,175,000 stock options under the Plan, exercisable at \$0.15 and vesting immediately. Pursuant to this option grant, the Company recorded stock based compensation in the amount of \$157,300.

9. Related party transactions

During the nine months ended June 30, 2009, the Company incurred management consulting fees included in general and administrative expenses of \$349,941 (2008 - \$159,708) to current and former directors and officers or companies controlled by directors.

During the nine months ended June 30, 2008, the Company was charged interest of \$350,960 on a convertible debenture payable to companies associated with directors of the Company. Of this amount, \$285,754 was included as a component of convertible debenture interest expense, and \$65,206 was accounted for as a reduction of shareholders' equity. The principal amount and accrued interest on the convertible debenture was paid to the holders in the period ended June 30, 2008.

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Included in accounts payable and accrued liabilities at June 30, 2009, is \$39,043 (September 30, 2008 – \$58,529) payable to a company with common directors and officers for the reimbursement of shared office expenses and management services. The full amount was paid subsequent to June 30, 2009.

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, and accounts payable and accrued liabilities are assumed to approximate carrying values.

Investments consist of marketable securities and stock purchase options received under the SPA.

The marketable securities are classified as available for sale financial assets and are measured at their fair value determined as the last market quoted closing price on or before the reporting date. Unrealized gains and losses are recognized as a component of other comprehensive income net of related income taxes.

The options of Panoramic (note 3) are classified as held for trading financial assets as they are derivatives. These options are non-transferable and, therefore, are only able to be settled through exercising the options in exchange for shares of Panoramic. These options are measured at fair value determined using the Black Scholes option pricing model using as assumptions variables in effect at the reporting date. Unrealized gains or losses are recognized as a component of net income or loss in the period in which they arise.

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 corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

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

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

Risk management

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

Interest risk

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

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The Company had approximately \$4.7 Million in cash and cash equivalents at June 30, 2009, on which it may earn variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is deemed to be immaterial to management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, 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 the purchaser of Donegal. 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 maintains its cash reserves in various currencies, and is therefore subject to fluctuations in foreign exchange rates. The Company's corporate costs and share capital, as well as the Company's reporting currency, is in Canadian Dollars.

Liquidity risk

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

As at June 30, 2009, the Company's consolidated working capital is approximately \$5.1 Million, and does not have any long-term liabilities. As such the Company has determined that its liquidity risk is nominal.

11. Comparative figures

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