



Management's Discussion and Analysis
For the three and nine months ended June 30, 2010

Brilliant Mining Corp.
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Containing information up to and including August 19, 2010

Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited interim consolidated financial statements of the Company and the notes thereto, for the three and nine months ended June 30, 2010 and 2009. Consequently, the following discussion and analysis of the financial condition and results of operations for Brilliant Mining Corp. ("Brilliant", "BMC" or the "Company"), should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended June 30, 2010 and 2009 and audited annual consolidated financial statements of the company for the years ended September 30, 2009 and 2008 (collectively, the "Financial Statements") along with the related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

FORWARD-LOOKING STATEMENTS

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

GENERAL

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

As at August 19, 2010, Brilliant is a debt-free TSXV- listed Tier-1 junior mining issuer with:

- approximately \$4.9 Million in unallocated working capital, \$6.8 million on a fully diluted basis;
- marketable securities with fair market value of approximately \$0.97 million;
- the Panoramic Options with an intrinsic value (based on the market price of shares of Panoramic at August 18, 2010) of \$2.6 Million;
- 43,398,399 common shares issued and outstanding (53,687,565 fully diluted); and,
- A 100% interest in the prospective Michikamau exploration property in the Province of Newfoundland and Labrador, Canada.

The Company was incorporated under the Alberta Business Corporations Act on October 1, 1998, and commenced trading May 17, 2002, pursuant to an Initial Public Offering Prospectus dated January 2, 2002. New management was appointed in 2003 and the corporate strategy was redefined in 2004 to focus on world-wide generation of nickel opportunities with superior conceptual and technical merit. In 2005, project generation and acquisition activities resulted in 100% ownership of two nickel exploration projects in Canada, including the Michikamau property in central Labrador.

On May 26, 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. had a 25%

interest in the unincorporated Lanfranchi Joint Venture (“LJV”) consisting of a producing nickel mine property on an approximately 50 km² contiguous mineral tenement package (“Tramways tenements”) in Western Australia.

On July 10, 2006, the Company graduated from Tier 2 to Tier 1 of the TSX Venture Exchange.

On May 26, 2009, pursuant to shareholder approval granted on May 19, 2009, the Company disposed of its interest in Donegal Resources Pty Ltd and Donegal Lanfranchi Pty Ltd (the “Sale Transaction”), including the Company’s 25% interest in the Lanfranchi Nickel Mine, associated tenements, and the Lanfranchi Joint Venture, to Panoramic Resources Ltd. (“Panoramic”), the Company’s joint venture partner in the LJV, in exchange for 12,000,000 ordinary shares of Panoramic (“Panoramic Shares”) and 3,000,000 ordinary share purchase warrants of Panoramic, each exercisable at AUD 1.50 per ordinary share until December 31, 2012 (“Panoramic Options”). Under the terms of the Sale Transaction, the Company retained accumulated adjusted working capital from the operations of the LJV up to October 31, 2008, and certain other adjustments related to the effective date.

On May 29, 2009, the Company filed articles of amendment with the Registrar of Corporations of Alberta, pursuant to shareholder approval and a final order from the Court of Queen’s Bench of Alberta, to effect a statutory plan of arrangement (the “Arrangement”) to distribute beneficial ownership of the Panoramic Shares to the shareholders of the Company on a *pro rata* basis by way of a reduction and return of capital and to effect a consolidation of the Company’s common shares on a basis of one (1) post-consolidation common share for two (2) pre-consolidation common shares. The Panoramic Shares were subject to a voluntary escrow period of six months, during which time the Panoramic Shares were held in trust by the Company on behalf of their beneficial owners.

Pursuant to the expiry of the escrow conditions on November 26, 2009, the Company distributed information packages, including completed share transfer forms requiring execution by the recipient, to each of the shareholders of record of the Company on May 29, 2009, and Clearing and Depository Services Inc. and Depository Trust Company participants, in order to complete the transfer of legal title of the Panoramic Shares. Registered shareholders as at May 29, 2009 who have not received their information package required to complete the legal transfer of Panoramic Shares should contact the Company’s investor relations department. Beneficial shareholders as at May 29, 2009 (i.e. shareholders who held shares of the Company in a brokerage account at May 29, 2009) should contact their brokerage representative or nominee to ensure that legal title of their Panoramic Shares has been effected.

On Monday, June 1, 2009, the Company’s post-consolidated shares began trading on the TSXV Exchange with a new symbol, “BLT”.

Additional detail regarding the Sale Transaction and the Arrangement, as well as information regarding Panoramic, is available in the Company’s Information Circular and Proxy Statement dated April 16, 2009 filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

CANADIAN OPERATIONS

Background on Labrador Projects, Canada

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

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

Michikamau Project

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

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

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

On March 26, 2009, the Company filed a National Instrument 43-101 compliant technical report on the Michikamau Property aggregating and interpreting data accumulated to date. The technical report is titled *Technical Report on the Metal Potential of the Michikamau Property, Newfoundland and Labrador, Canada*, and is dated February 23, 2009.

FINANCIAL MD&A AND OTHER DISCLOSURE

Selected Annual Financial Information

Year ended	Sept. 30, 2009 \$	Sept. 30, 2008 \$	Sept 30, 2007 \$
Long-term liabilities	-	4,166,379	6,829,063
Revenues	28,282	159,024	360,186
Net income (loss) from continuing operations	11,884,395	(1,853,693)	(3,400,399)
Basic net income (loss) from continuing operations per common share	0.33	(0.05)	(0.12)
Diluted net income (loss) from continuing operations per common share	0.32	(0.05)	(0.12)
Net income (loss)	2,934,649	2,789,589	(8,965,160)
Basic net income (loss) per common share	0.08	0.08	(0.30)
Diluted net income (loss) per common share	0.08	0.08	(0.30)

Financial Condition, Liquidity, and Capital Resources

At August 19, 2010, the Company's working capital is approximately \$5.0 million, or approximately \$6.9 million on a fully diluted basis. In addition to this, the Company holds marketable securities with a market value of approximately \$0.97 million (as at August 19, 2010), as well as the Panoramic Options with an intrinsic value (based on the market price of Panoramic Shares as at August 18, 2010) of approximately \$2.6 million.

Management is currently evaluating opportunities for project generation and acquisition as well as prospects of its Michikamau property in Newfoundland and Labrador, Canada. Any future exploration or development programs on any of the Company's mineral properties, or acquisitions of new projects, may require additional equity financings.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Summary of Quarterly Results

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

3 months ended (in Dollars)	Jun 2010 (Q3)	Mar 2010 (Q2)	Dec 2009 (Q1)	Sep 2009 (Q4)	Jun 2009 (Q3)	Mar 2009 (Q2)	Dec 2008 (Q1)	Sep 2008 (Q4)
Net income (loss) from continuing operations	(925,529)	(460,441)	(743,432)	(2,058,623)	14,481,591	(227,560)	(311,013)	777,080
Basic net income (loss) from continuing operations per share	(0.02)	(0.01)	(0.02)	(0.06)	0.40	(0.01)	(0.01)	0.00
Diluted net income (loss) from continuing operations per share	(0.02)	(0.01)	(0.02)	(0.06)	0.39	(0.01)	(0.01)	0.00
Net income (loss)	(925,529)	(460,441)	(743,432)	154,770	7,433,683	(2,251,465)	(2,402,339)	577,764
Basic net income (loss) per share	(0.02)	(0.01)	(0.02)	0.00	0.20	(0.06)	(0.07)	0.02
Diluted net income (loss) per share	(0.02)	(0.01)	(0.02)	0.00	0.20	(0.06)	(0.07)	0.02

Results for the Three Months Ended June 30, 2010

The Company incurred a net loss from continuing operations for the quarter ended June 30, 2010 of \$925,529 (2009 - net income from continuing operations -\$13,943,018). This amount included general and administrative expenses of \$186,859, a significant reduction from the comparative period's general and administrative expenses of \$311,409 due to the Company's shift in focus from finalizing the sale of Donegal and the distribution of the shares of Panoramic to seeking and evaluating mineral projects of merit for potential future acquisitions. The Company also realized interest income of \$5,243 (2009 - \$2,939) on its cash deposits.

Non-cash amortization expense for the quarter was \$6,669 (2009 - amortization from continuing operations \$5,455), and the Company also recorded foreign exchange loss of \$21,369 (2009 -\$177,570) and an unrealized loss on held for trading financial assets (the Panoramic Options) of \$670,015 resulting in the period's net loss before income taxes of \$879,669 (2009 - net income from continuing operations before income taxes \$15,176,257). The fair value of the Panoramic Options is calculated using the Black Scholes option pricing model, using assumptions based on the reporting date.

The Company recognized a future income tax expense of \$45,860 in the current quarter resulting from the recognition of a valuation allowance against future income tax assets recorded in the revaluation of the Company's investments in marketable securities classified as available-for-sale financial assets.

The Company also recognizes other comprehensive income related to the changes in the fair value of available-for-sale financial assets, consisting of marketable securities. For the three months ended June 30, 2010, the Company recorded an unrealized loss of \$321,025, net of \$45,860 in future income taxes, as the sole component of other comprehensive income.

The comparative period's net income from continuing operations included a realized gain on the disposition of held for trading financial assets (the Panoramic Shares) of \$13,075,136 due to a significant increase in the measured fair value of the Panoramic Shares from their initial measurement date based on the date of announcement of the sale of Donegal and the date of completion of the Plan of Arrangement.

Results for the Nine Months Ended June 30, 2010

The Company incurred a net loss from continuing operations for the nine months ended June 30, 2010 of \$2,129,402 (2009 net income from continuing operations - \$13,943,018) which included: general and administrative expenses of \$713,288 (2009 - \$894,905); non-cash amortization expense of \$9,884 (2009 - \$19,939); and project generation expenses of \$6,983 (2009 - nil). These expenses were offset by interest earned on cash deposits of \$18,196 (2009 - \$14,708) and other revenues of \$8,951 (2009 - nil) including rental income from renting a portion of the Company's Australian offices to other parties. The period's net loss was also affected by a loss on foreign exchange of \$41,845 (2009 - gain of \$20,775) and an unrealized loss on the estimated fair value of the Panoramic Options of \$1,395,897 (2009 - nil).

The Company recognized a future income tax recovery of \$21,403 in the nine months ended June 30, 2010 related to the recognition of previously unrecognized income tax assets against a future income tax liability arising from fair value adjustments to the carrying value of available-for-sale financial assets.

The Company also recognizes other comprehensive income related to the changes in the fair value of available-for-sale financial assets, consisting of marketable securities. For the nine months ended June 30, 2010, the Company recorded an unrealized gain of \$149,810, net of \$21,403 in future income taxes, as the sole component of other comprehensive income.

Financial Instruments

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

Financial instrument classification	As classified by the Company	Subsequent measurement of gains or losses at each reporting period end
<ul style="list-style-type: none">• Assets or liabilities held for trading	<ul style="list-style-type: none">• Cash and cash equivalents• Held for trading financial assets (Panoramic Options)• Restricted cash	Fair value; unrealized gains and losses recognized in net income
<ul style="list-style-type: none">• Available for sale financial assets	<ul style="list-style-type: none">• Available for sale financial assets (marketable securities)	Fair value; unrealized gains and losses recognized in OCI; recognized in net income on sale of the asset or when asset is written down as impaired
<ul style="list-style-type: none">• Loans and receivables	<ul style="list-style-type: none">• Receivables	Amortized cost using the effective interest rate method; if asset is derecognized or impaired, recognized in net income
<ul style="list-style-type: none">• Other financial liabilities	<ul style="list-style-type: none">• Accounts payable and accrued liabilities	Amortized cost using the effective interest rate method; if liability is derecognized, recognized in net income

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

The Company holds marketable securities, purchased in the year ended September 30, 2008, classified as available for sale financial assets on the consolidated balance sheets, with a fair value of \$0.9 million as at June 30, 2010. During the quarter ended June 30, 2010, the Company recorded an unrealized loss of \$0.32 million (net of future income taxes) as a component of other comprehensive income due to a decrease in the quoted market value of the marketable securities in the period.

The Company holds options to acquire shares in Panoramic Resources Ltd. ("Panoramic Options"), an Australian public listed company, received as partial consideration for Donegal, classified as held for trading financial assets on the consolidated balance sheets, with an estimated fair value of \$2.4 million at June 30, 2010. During the quarter ended June 30, 2010, an unrealized loss of \$0.87 million was recorded as a component of net loss due to a decrease in the estimated fair value of the Panoramic Options as calculated using the Black Scholes option pricing model.

Other Required Disclosure

Critical Accounting Estimates

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

Stock based compensation expense and the reported fair value of the Panoramic Options (classified as held for trading financial assets) are calculated using an option valuation model which requires subjective inputs, including the life of options granted and the volatility of the underlying stock price during the term of the option. Management makes these subjective estimates based on any observable inputs available in addition to their experience and through comparison with peer companies.

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

Risk Factors

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

The Company's management information circular dated April 16, 2009, available on SEDAR, includes extensive disclosure on material risks to the company's operations. Information concerning risks related to financial instruments is included in the Financial Statements.

Related Party Transactions

The Company has shared certain administrative and operational resources with other companies under common management or direction. As such it has been invoiced periodically for its share of shared costs and the Company has had accounts payable to these companies at most reporting dates. At June 30, 2010 the Company had accounts payable to companies with common directors the amount of \$34,884 (2009 – \$39,043) relating to the reimbursement of shared office, staff, and administrative costs. The amounts were paid subsequent to June 30, 2010 and 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.

From January 1, 2010, the Company's accounting and administrative support services are delivered in the normal course of business on normal commercial terms by a corporate services partnership (the "Partnership") which is managed exclusively by an arms-length principal ("Managing Partner"). The services do not include authority or responsibility for planning, directing and controlling the Company's activities. Corporations controlled by immediate family members of certain directors and an officer of the Company are non-managing, non-controlling members of the Partnership and, in each case, have no active role in the provision of the services. During the period ended June 30, 2010, the Company paid fees of \$60,000 in aggregate to the Partnership for the provision of accounting and administrative support services, which are included in "general and administration" expenses in the consolidated statements of net income (loss) and are measured at the exchange amount, which is the consideration agreed to between the Company and the Managing Partner, and were fully paid as at June 30, 2010.

Proposed Transactions

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

Outstanding Share Data

Brilliant's authorized share capital is unlimited Class "A" common and unlimited Class "B" preferred shares. As at the close of trading on August 19, 2010, the following common shares and stock options were outstanding:

Class A common shares issued	43,398,399		
Fully diluted	53,687,565		
Options outstanding	67,500	@	\$0.32 to Nov 9, 2010
	67,500	@	\$0.15 to July 5, 2011
	1,475,000	@	\$0.15 to October 11, 2011
	12,500	@	\$0.15 to May 1, 2012
	275,000	@	\$0.15 to October 5, 2012
	400,000	@	\$0.15 to November 7, 2012
	1,175,000	@	\$0.15 to June 19, 2014
	50,000	@	\$0.175 to August 25, 2014
Total Options Outstanding	3,522,500	@	\$0.15 (avg.) = \$541,100
Warrants outstanding	6,666,666	@	\$0.20 to October 15, 2014
Total Warrants Outstanding	6,666,666	@	\$0.20 (avg.) = \$1,333,333
Agents' Warrants outstanding	100,000	@	\$0.20 to October 15, 2014
Total Agents' Warrants Outstanding	100,000	@	\$0.20 (avg.) = \$20,000

On October 16, 2009, the Company closed on a non-brokered private placement of 6,666,666 units of the Company (each, a "Unit") at a price of \$0.15 per Unit for gross proceeds of \$1,000,000. Each Unit consisted of one common share of the Company ("Common Share") and one non-transferable share purchase warrant ("Warrant") entitling the holder to acquire one additional Common Share at a price of \$0.20 per Common Share until October 15, 2014. The Company paid \$15,000 in finder's fees and issued non-transferable share purchase warrants to acquire an aggregate of 100,000 Common Shares on the same terms as the Warrants.

Change in accounting policies

The Company has adopted the following new Canadian Institute of Chartered Accountants ("CICA") Handbook Sections effective October 1, 2009:

Financial instruments

In June 2009, the CICA Handbook Section 3862 was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurements disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

These new disclosure requirements are effective for the Company beginning October 1, 2009. The adoption of these new disclosure requirements are not expected to have a material effect on the Company's consolidated financial statements.

IFRS Implementation Plan

The Accounting Standards Board (“AcSB”) has confirmed that IFRS will replace current GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Brilliant, provided there is no change to its year end prior to 2011, is expected to begin reporting under IFRS in the quarter ended December 31, 2011.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant potential differences in recognition, measurement, and disclosures. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all accounting policies, the initial key areas of assessment include:

- Deferred exploration and development expenditures (Mineral property)
- Stock based compensation
- Accounting for income taxes
- First time adoption of International Financial Reporting Standards (IFRS 1)

The Company’s primary assets are its exploration stage mineral properties. In April 2010, the International Accounting Standards Board (“IASB”) released Discussion Paper DP/2010/1 – Extractive Activities (the “DP”) for comment as a component of the IASB’s ongoing extractive industries project. The Company’s assessment of the DP is that the IASB will permit, and possibly require, exploration stage mineral properties to be carried at cost, with impairment testing required only when facts and circumstances indicate an impairment, which is materially consistent with both Canadian GAAP and IFRS 7 – Exploration for and Evaluation of Mineral Properties. As such, the Company does not expect any material changes to the measurement or recognition basis of exploration stage mineral properties upon implementation to IFRS.

As the analysis of each of the key areas progresses, other elements of the Company’s IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on internal controls; contractual arrangements; and employee training.

The Company is currently finalizing the timetable for its IFRS implementation plan.

Investor Relations

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

Approval

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