



Management's Discussion and Analysis
For the year ended September 30, 2010

Brilliant Mining Corp.
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For the year ended September 30, 2010

Containing information up to and including January 19, 2011

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

FORWARD-LOOKING STATEMENTS

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

GENERAL

Brilliant Mining Corp. (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 January 19, 2011, Brilliant is a long term debt-free TSXV- listed Tier-1 junior mining issuer with:

- approximately \$4.2 Million in unallocated working capital, \$6.1 million on a fully diluted basis;
- marketable securities with fair market value of approximately \$2.7 million;
- the Panoramic Options with an intrinsic value (the market price of shares of Panoramic at January 19, 2011 less the exercise price of the options) of \$2.8 Million;
- 43,681,732 common shares issued and outstanding (53,620,065 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 options 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.

On 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.

Acquisition of Ivory Resources Inc.

Subsequent to September 30, 2010, the Company announced a Memorandum of Understanding ("MOU") with an arm's length party whereby the Company intends to complete a private placement with a number of parties in conjunction with the acquisition of Ivory Resources Inc. ("Ivory") (the "Transaction"). The Transaction as contemplated in the MOU will require the issuance of approximately 92,592,592 units of the Company ("Units") at a price of \$0.27 per Unit, and approximately 9,259,259 common shares of the Company ("Common Shares") at a deemed price of \$0.27 per Common Share. The Units shall consist of one Common Share and one Common Share purchase warrant entitling the holder to purchase an additional Common Share at an exercise price of \$0.45 and expiring 24 months after closing of the Transaction. The precise number of Units and Common Shares to be issued is subject to change.

The Units and Common Shares to be issued include: Units and Common Shares issued as compensation for the transaction to various parties; Units issued in exchange for common shares of Ivory, having been issued by Ivory for cash investments equivalent to \$0.27 per Common Share to be issued therefor, and; Units issued in a contemplated private placement of Units. The aggregate cash amount to be received by the Company, both through its investment in Ivory and through the contemplated private placement of Units, will be approximately \$20-25 Million, less cash expended by Ivory prior to completion of the Transaction.

Certain components of the Transaction which have occurred to date are described below. The Company and the various parties to the Transaction are currently negotiating the remaining components of the transaction. The Transaction and its various component parts are subject to satisfactory due diligence,

regulatory approval and may be subject to shareholder or disinterested shareholder approval, as determined by the relevant regulatory agencies.

About Ivory Resources Inc.

Ivory, by a wholly-owned subsidiary, has acquired from Sillenger Exploration Corp. (“Sillenger”), an agreement with the government of the Republic of Equatorial Guinea (the “Government”) whereby Ivory will fund and conduct an airborne geophysical survey (the “Aerial Survey”) over the Republic of Equatorial Guinea on behalf of the Government. As compensation for financing the costs of Aerial Survey, Ivory will have certain preferential rights to choose areas within the survey area (with the exclusion of any reserved areas of the State) to request mining and/or oil concessions for a period beginning with the initiation of Aerial Survey and ending two months following conclusion of the data acquisition operations.

Once the Aerial Survey has been concluded and the data interpreted, such results will be delivered to the Government at which time Ivory will be in a position to exercise its preferential rights.

The Aerial Survey was initiated at the end of November 2010 but was temporarily suspended due to technical issues with the aircraft. The Aerial Survey resumed in January 2011.

Credit Facility Agreement

Brilliant and Ivory have entered into a Credit Facility Agreement dated December 7, 2010 (“Credit Facility Agreement”) under which Brilliant has loaned CDN\$1,500,000 to Ivory. Ivory has issued a promissory note to Brilliant for CDN\$1,500,000.

Operating Agreement

On December 22, 2010, Brilliant and Ivory entered into an Operating Agreement whereby the parties have agreed that Brilliant will be provided with operational control over the Aerial Survey to diligently work to cause Fugro to complete the Aerial Survey in Equatorial Guinea (see ‘About Ivory Resources Inc.’ above) subject to Ivory having sufficient operating funds to do so. Under the Operating Agreement, Brilliant will receive all data and maps from the Aerial Survey.

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, 2010 \$	Sept. 30, 2009 \$	Sept. 30, 2008 \$
Total assets	12,308,956	11,386,969	40,099,253
Long-term liabilities	-	-	4,166,379
Revenues	43,455	28,282	159,024
Net income (loss) from continuing operations	(642,020)	11,884,395	(1,853,693)
Basic net income (loss) from continuing operations per common share	(0.01)	0.33	(0.05)
Diluted net income (loss) from continuing operations per common share	(0.01)	0.32	(0.05)
Net income (loss)	(642,020)	2,934,649	2,789,589
Basic net income (loss) per common share	(0.01)	0.08	0.08
Diluted net income (loss) per common share	(0.01)	0.08	0.08

Financial Condition, Liquidity, and Capital Resources

At January 19, 2011, the Company's working capital is approximately \$4.2 million, or approximately \$6.1 million on a fully diluted basis (i.e. assuming the exercise of all outstanding options and warrants). In addition to this, the Company holds marketable securities with a market value of approximately \$2.7 million (as at January 19, 2011), as well as the Panoramic Options with an intrinsic value (based on the market price of Panoramic Shares as at January 19, 2011) of approximately \$2.8 million.

Pursuant to a memorandum of understanding described in the section "Acquisition of Ivory Resources" the Company intends to complete a private placement and concurrent acquisition of Ivory Resources Ltd. which will result in aggregate cash proceeds of approximately \$20 - 25 million.

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)	Sept 2010 (Q4)	Jun 2010 (Q3)	Mar 2010 (Q2)	Dec 2009 (Q1)	Sep 2009 (Q4)	Jun 2009 (Q3)	Mar 2009 (Q2)	Dec 2008 (Q1)
Net income (loss) from continuing operations	1,389,544	(925,529)	(460,441)	(743,432)	(2,058,623)	14,481,591	(227,560)	(311,013)
Basic net income (loss) from continuing operations per share	0.03	(0.02)	(0.01)	(0.02)	(0.06)	0.40	(0.01)	(0.01)
Diluted net income (loss) from continuing operations per share	0.03	(0.02)	(0.01)	(0.02)	(0.06)	0.39	(0.01)	(0.01)
Net income (loss)	1,389,544	(925,529)	(460,441)	(743,432)	154,770	7,433,683	(2,251,465)	(2,402,339)
Basic net income (loss) per share	0.03	(0.02)	(0.01)	(0.02)	0.00	0.20	(0.06)	(0.07)
Diluted net income (loss) per share	0.03	(0.02)	(0.01)	(0.02)	0.00	0.20	(0.06)	(0.07)

Results for the Quarter Ended September 30, 2010

The Company incurred net income from continuing operations for the quarter ended September 30, 2010 of \$1,389,544 (2009 - net loss from continuing operations \$2,058,623). This amount included general and administrative expenses of \$204,620, a significant reduction from the comparative period's general and administrative expenses of \$388,169 due to the Company's shift in focus from finalizing the sale of Donegal to seeking and evaluating mineral projects of merit for potential future acquisitions. The Company also realized interest income of \$10,366 (2009 - \$6,632) on its cash deposits.

Fourth quarter amortization adjustment was a credit of \$7500 (2009 - amortization expense from continuing operations \$1,427), and the Company also recorded foreign exchange gain of \$62,573 (2009 - \$2,544) and an unrealized gain on held for trading financial assets (the Panoramic Options) of \$1,789,467 resulting in the period's net income before income taxes of \$1,410,947 (2009 - net income from continuing operations before income taxes \$66,999). 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 recovery of \$76,435 (2009 - \$2,125,622 future income tax expense) 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 quarter ended September 30, 2010, the Company recorded an unrealized gain of \$535,040, net of \$76,435 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 Year Ended September 30, 2010

The Company incurred a net loss from continuing operations for the year ended September 30, 2010 of \$642,020 (2009 net income from continuing operations - \$11,884,395) which included: general and administrative expenses of \$917,908 (2009 - \$1,283,075); non-cash amortization expense of \$12,439 (2009 - \$11,311). These expenses were offset by interest earned on cash deposits of \$28,562 (2009 - \$21,340) and other revenues of \$14,893 (2009 - \$6,942) 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 gain on foreign exchange of \$20,728 (2009 - \$23,319) and an unrealized gain on the estimated fair value of the Panoramic Options of \$393,570 (2009 - \$3,395,158).

The Company recognized a future income tax recovery of \$97,838 (2009 - \$ 2,820,288 future income tax expense) in the year ended September 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 recognized a provision against the receivable from the purchaser of Donegal in the amount of \$264,526 due to uncertainty of collection.

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 year ended September 30, 2010, the Company recorded an unrealized gain of \$684,850, net of \$97,838 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 \$1.47 million as at September 30, 2010. During the quarter ended September 30, 2010, the Company recorded an unrealized gain of \$0.68 million (net of future income taxes) as a component of other comprehensive income due to a increase 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 \$4.2 million at September 30, 2010. During the year ended September 30, 2010, an unrealized gain of \$1.79 million was recorded as a component of net loss due to a increase in the estimated fair value of the Panoramic Options as calculated using the Black Scholes option pricing model.

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 \$4.25 Million in cash and cash equivalents at September 30, 2010, 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. If prevailing interest rates were to change by +/- 1%, the effect on net loss is estimated to be +/- \$42,507.

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, and accounts receivable.

The Company has assessed its exposure to credit risk and has determined that such risk is minimal. The 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 recorded a provision against the receivable from the purchaser of Donegal during the year ended September 30, 2010 in the amount of \$264,526 based on management's assessment of collectability and ongoing negotiation with the counterparty. Other than the receivable from the vendor 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 primarily in Canadian Dollars. Some cash may be denominated in various other currencies, and is therefore subject to fluctuations in foreign exchange rates. The effect of exchange rate movements on the Company's cash and other working capital balances is not considered material by management. 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 September 30, 2010, the Company has consolidated working capital of \$4,578,323, and does not have any long-term liabilities. As such the Company has determined that its liquidity risk is nominal.

Other Required Disclosure

Risk Factors

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

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 compensates officers of the Company for their services as such. During the year ended September 30, 2010, the Company incurred management consulting fees included in general and administrative expenses of \$190,712 (2009 - \$413,441) to directors and officers, or companies controlled by them. All amounts were fully paid as at September 30, 2010 and 2009.

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 September 30, 2009 the Company had accounts payable to companies with common directors in the amount of \$88,281 (2010 – \$nil) relating to the reimbursement of shared office, staff, and administrative costs, and was paid subsequent to September 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.

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 January 19, 2011, the following common shares and stock options were outstanding:

Class A common shares issued	43,681,732		
Fully diluted	53,620,065		
Options outstanding	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	3,455,000	@	\$0.15 (avg.) = \$518,250
Warrants outstanding	6,383,333	@	\$0.20 to October 15, 2014
Total Warrants Outstanding	6,383,333	@	\$0.20 (avg.) = \$1,276,667
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 Section 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.

Disclosure has been added to the Company's consolidated financial statements as a result of adopting this amended section.

IFRS Implementation Plan

The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to financial years beginning on or after January 1, 2011. The transition date for the Company of October 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. Under IFRS, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that must be addressed.

Due to the size of the Company, the convergence to IFRS is being led by the Company's Chief Financial Officer, supported by the Company's accounting services providers, who will design and execute the conversion project and will report to the Audit Committee of the Company on the progress accomplished.

Item 1 - Accounting policies, including choices among policies permitted under IFRS, and implementation decisions such as whether certain changes will be applied on a retrospective or a prospective basis

An assessment of the significant differences between Canadian GAAP and IFRS that affect the Company and the impacts on the Company's financial statements has been completed on a high-level basis and are discussed below.

The Company will next complete an assessment of the IFRS estimates of the quantified effects of the anticipated changes to the Company's IFRS opening balance sheet if any, and identify business processes and resources that may require modification as a result of these changes.

Mineral properties

Canadian GAAP requires acquisition costs to be capitalized and allows exploration costs to be expensed as incurred or capitalized. IFRS allows the same treatment as Canada however the exploration costs must be classified as either tangible or intangible assets, according to their nature.

The Company's policy is to capitalize acquisition costs and exploration costs.

With respect to the Company's accounting of mineral properties, there is no difference between Canadian GAAP and IFRS.

Item 2 - Information technology and data systems

The accounting processes of the Company are simple as the Company currently has one mineral property and no employees. No major challenges are expected at this point to operate the accounting system under IFRS.

The Company is generating its accounting under Canadian GAAP in 2011, and it has tentatively determined that there will be no significant differences for the accounting under IFRS and the comparative financial statements for 2011.

Item 3 - Internal control over financial reporting

Since the Company is listed on Tier 1 of the TSX Venture Exchange, management will not be required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109.

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the filings are exempt from misrepresentations and are presenting fairly the results of the Company. Management will ensure that once the convergence is completed it will be in a position to continue to certify the Company's filings.

The Audit Committee of the Company reviews the financial reporting and control matters and recommends approval of the annual financial statements and MD&A to the Board who are then responsible for approving the filings.

Item 4 - Disclosure controls and procedures, including investor relations and external communications plans

The Company will update its disclosure controls and procedures to ensure they are appropriate for reporting under IFRS. At this time no changes have been determined as being necessary. The Company will continue to maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109 is recorded, processed, summarized and reported in the manner specified by the relevant securities laws applicable to the Company.

Item 5 - Financial reporting expertise, including training requirements

The Company's accounting services providers have participated in ongoing training sessions provided by external advisors. Training and research are ongoing and the development of standards issued by the International Accounting Standards Boards are monitored and evaluated for any impact on the Company.

Item 6 - Business activities, such as foreign currency and hedging activities, as well as matters that may be influenced by GAAP measures such as debt covenants, capital requirements and compensation arrangements

The Company does not expect that the convergence to IFRS will have a significant impact on its risk management or other business activities.

Currently there are no matters influenced by GAAP measures, such as debt covenants, capital requirements and compensation arrangements that would be impacted by the convergence to IFRS.

Investor Relations

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

Approval

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