

# Management's Discussion and Analysis

Year ended December 31, 2009

Management's Discussion and Analysis ('MD&A') has been prepared as of March 16, 2010. It should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2009.

Information provided herein relating to 2010 and later years is based on assumptions regarding future events and results may vary. All prices are in Canadian dollars unless otherwise stated.

The above referenced financial statements and the Company's other public filings can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## Kirrin's Business

### **BACKGROUND**

Kirrin is engaged in exploration for uranium and rare earth elements ('REE'). The Company advances its projects through prospecting, mapping, geophysics and drilling, after which it decides whether the subject property has the potential to justify further work. The Company presently has three properties, two located in Newfoundland & Labrador and one in Quebec.

The Company holds its property interests through its wholly owned Alberta incorporated subsidiary, Kirrin Exploration Inc. ('KEI'). The Company also wholly owns Monroe Minerals Holdings Limited ('Monroe Holdings'), incorporated in Isle of Man.

Kirrin is a reporting issuer in Alberta and British Columbia and its shares trade on the TSX Venture Exchange under the symbol KYM.

## Fourth Quarter Highlights

Highlights during the fourth quarter of 2009 include:

- In October and November 2009, the Company carried out a prospecting and sampling program at the Lost Pond REE property. Two new areas of rare earth mineralization were identified and sampling results ranged from 1.50 % to 10.04% TREO.
- On November 12, 2009, the Company completed a private placement issuing 2,060,000 units at a purchase price of \$0.10 per unit for total proceeds of \$206,000. On December 23, 2009, the Company completed a private placement issuing 5,698,426 flow-through units at a purchase price of \$0.14 per flow-through unit for total proceeds of \$797,780. Further details of the private placements can be found under 'Capital Resources'.
- The Company completed a 1,323 m drilling program during November at Boxey Point. Low grade radioactive intercepts occurred in five holes and the best assay was 0.164%  $U_3O_8$  across 0.5 m near the top of hole Boxey 03.
- On December 9, 2009, five directors exercised options over 80,000 common shares at a price of \$0.10 per common share.
- Subsequent to the quarter end, the Company completed a non-brokered private placement of 1,666,667 units at a price of \$0.12 per unit for gross proceeds of \$200,000.

## Properties

Kirrin's technical expertise lies in project selection and exploration planning and implementation. Present goals include the identification of additional uranium and REE exploration properties in Canada. Kirrin is current on its earning obligations in relation to all of its projects.

The Qualified Person who has reviewed the information under 'Properties' contained in this MD&A is Dr. Reg Olson, Ph.D., P. Geol.

### ALEXIS RIVER

The Alexis River property, located in southeastern Labrador, is approximately 2,500 hectares in size and the area is underlain by rocks assigned to the Pinware Terrane of the Eastern Grenville Province, which are potential hosts for uranium mineralization. Kirrin may earn a minimum 60% interest in the Alexis River property over five years by spending \$1,250,000 on exploration and issuing 250,000 shares to Altius Resources Inc. ('Altius').

Since acquiring an interest in Alexis River, Kirrin has overseen a helicopter borne radiometric and magnetometer survey conducted by Altius in July 2007; limited follow-up prospecting by Altius over selected airborne radiometric anomalies; additional lake sediment sampling of Anomaly Lake during August and September 2007; further systematic lake sediment sampling conducted by Altius in February 2008 and by Kirrin in June and July 2008; and a total of 1,294.5 m drilled in five holes in October 2008 intended to test bedrock beneath Anomaly Lake.

The lake sediment sample results for uranium are unusually high, being well over two orders of magnitude higher than the average uranium content of lake sediment samples within Labrador. The highest uranium content recorded during the above sampling programs was 2,370 ppm U.

The key drilling results are from two holes, with the best intercepts (a) in hole AL0802 being 0.754%  $U_3O_8$  across 0.2 m from 58.9 m to 59.1 m core length, plus a second intercept of 0.069%  $U_3O_8$  across 2.0 m from 83.0 m to 85.0 m core length, and (b) in hole AL0805 being 0.188%  $U_3O_8$  across 0.85 m from 197.7 m to 198.55 m core length, with five other lower grade intercepts higher in the hole ranging down to 0.034%  $U_3O_8$  across 0.4 m from 16.7 m to 17.1 m core length. These intersections are all from unaltered, biotitic coarse-grained granitic dykes cutting mafic rocks.

Kirrin concludes that the anomalous uranium in lake sediment at Anomaly Lake may be due to one or more causes, including (a) the narrow high grade drill intercepts that exist locally in bedrock beneath Anomaly Lake, (b) the highly elevated uranium in rivulet waters which drain into the northeast end of Anomaly Lake, or (c) from other uranium-bearing subterranean ground waters which may discharge into the bottom of the lake.

2010/2011 plans include a more detailed interpretation of selected airborne geophysical, hydrological, regional geochemical and geological data, to be followed by additional prospecting, sampling and possibly expanded airborne or follow-up ground geophysical surveys.

### LOST POND

The Company has an option agreement with Ucore Uranium Inc. ('Ucore') dated September 15, 2008 to earn a minimum 50% over four years in the Lost Pond uranium and REE property, located in western Newfoundland. Kirrin is required to spend \$2,600,000 on exploration, including a minimum first year commitment of \$700,000, and issue 300,000 shares to Ucore, including 50,000 shares on signing and the balance over four years on each anniversary of the agreement.

Kirrin completed a 2,500 m drilling program in Q4 2008. Eight holes were drilled at the U2 Cataclastic Zone Grid, five of which targeted the area which had previous intersections up to 0.045%  $U_3O_8$  over 12.3 m. Ten holes targeted the Bottom Brook A rare earth oxide ('REO') zone, located about 2 km east of the U2 Cataclastic Zone. These holes were drilled on sections approximately 50 m apart to evaluate a discrete 250 m long 'double bull's-eye' magnetic high. This magnetic high is associated with REO minerals and previous drilling by Ucore in 2007 intersected up to 4.47% total rare earth oxides (TREO) over 5.64 m.

The 2009 review of prior REE exploration data identified five REE targets, including Bottom Brook A, based on airborne magnetics and radiometric patterns as well as assay results obtained between 2006 and 2008. The latest exploration program focused on four further rare earth targets and resulted in the identification of two new areas of REE mineralized zones:

- **Bottom Brook B Zone** – Assay results of 1.69% and 6.80% TREO were obtained from two rock grab samples collected from angular boulders containing abundant magnetite and hematite (i.e., an iron-altered zone). The highest grade sample (6.80% TREO) includes individual element assays of 2.87%  $Ce_2O_3$ , 1.48%  $La_2O_3$  and 1.21%  $Nd_2O_3$ . This mineralization is proximal to a discrete isolated magnetic high anomaly which is located approximately 1 km northeast of the Bottom Brook A Zone.
- **Bottom Brook C Zone** – This area was also isolated for follow-up because of the presence of a discrete isolated magnetic high. A total of five samples were taken from magnetite-hematite bearing granite float proximal to the target, all with similar radioactivity and mineralogy to the Bottom Brook A Zone. Rock grab sampling results range from 1.50% to 10.04% TREO. The highest grade sample (10.04% TREO) includes individual element assays of 4.13%  $Ce_2O_3$ , 2.22%  $La_2O_3$  and 1.88%  $Nd_2O_3$ .

The 2009 prospecting program was curtailed in November due to the onset of winter conditions. A follow-up program of ground magnetics and geochemistry is planned, to be followed by trenching and/or drilling on the discrete magnetic targets. Additional prospecting will also be done on the other targeted areas.

### GREVET

Kirrin has an option agreement with Michel Proulx ('MP') allowing Kirrin to earn a 100% interest in the Grevet REE property, which is located in northwestern Quebec. Kirrin is required to spend \$1,850,000 on exploration, including a minimum first year commitment of \$200,000, and make payments to MP of \$20,000, over four years. In addition, Kirrin will pay \$150,000 to MP on the receipt of a positive Feasibility Study and MP will retain a 1.0% Net Smelter Returns ('NSR') royalty on all minerals produced from the property, Kirrin having the right to acquire half of this NSR royalty for payment of \$500,000.

The Grevet property comprises a group of 14 contiguous mineral claims with a combined total of 662.52 ha (1,636.42 acres) located in Grevet Canton (Township), 30 km northeast of the town of Lebel-sur-Quevillon and approximately 200 km northeast of Val d'Or in north-western Quebec. There is excellent access via provincial road 113 as well as logging roads. A CN railway line bisects the property. The closest airport is at Lebel-sur-Quevillon.

The geological data for the Grevet REE property has been reviewed by Dr. David Lentz of the University of New Brunswick, who is a consultant to Kirrin. Dr. Lentz suggested that, because of the ferroan carbonatite association with magnetite, the Grevet REE property may have some geological similarities to the large Bayan Obo REE-bearing carbonatitic body in inner Mongolia, China. Bayan Obo is the world's largest REE deposit, containing about 70% of the world's known REE reserves.

Rare earths are used extensively in high-tech industries, predominantly in the manufacture of permanent magnets, metal alloys, batteries, catalysts, and glass. Growth in demand over the past four years has exceeded 10% per year and growth is expected to remain strong in the future.

Interest in the REE potential of the Grevet area began in 1988 when the Ministry of Energy and Resources of Quebec identified carbonatite occurrences. Subsequently, Soquem obtained rock samples in trenches that assayed up to 4.0% lanthanum (La) plus cerium (Ce), which occurs in magnetite veinlets with associated hematitic alteration. Further work and sampling by MP led to the identification of anomalous REE in hematitic magnetite veinlets and carbonate veins with or without magnetite, in syenite and carbonatite dykes. This rock grab sample revealed the attractive REE chemistry, with results ranging from 0.30% up to 5.89% light rare earth oxides ('LREO'). As well, results from a mobile metal ion geochemical soil survey identified niobium (Nb), yttrium (Y), cobalt (Co), nickel (Ni) and rubidium (Rb) anomalies. From 2003 to the present, there was little further exploration for REE at the Grevet property, but interest in the property's REE potential was re-kindled as a result of heightened international concern for a world shortfall of REE if China, which currently produces approximately 95% of annual global production, reduces exports as it has recently indicated.

Exploration in 2010 will include (a) compilation of all pertinent data into GIS (geographic information system) to facilitate ongoing exploration, (b) a preliminary property visit during the spring to determine the details of follow-up fieldwork, and (c) completion of Phase One fieldwork during the summer period.

#### BOXEY POINT

The Company had an option agreement with Altius dated January 15, 2008 to earn a 60% interest over four years in the Boxey Point uranium property, located in southern Newfoundland. The Company was required to spend \$1,000,000 on exploration and issue 200,000 common shares to Altius, 40,000 on signing and the balance divided equally over four years on each anniversary of the agreement. Upon the Company fulfilling its earn-in obligations, the parties would form a joint venture, with each partner contributing its pro-rata share of future expenditures. If either party diluted its interest to less than 10% in the joint venture, its interest would be converted to a royalty of 1% of gross uranium sales.

1,323 m was drilled in nine holes at Boxey Point during November 2009. Low grade radioactive intercepts occurred in five holes and the best assay was 0.164% U<sub>3</sub>O<sub>8</sub> across 0.5 m near the top of hole Boxey 03.

The costs of the 2009 exploration program at Boxey Point were partly offset by a \$100,000 grant awarded by the Newfoundland and Labrador Department of Natural Resources.

While the 2009 exploration program at Boxey Point was a technical success in that low grade uranium was recovered in the majority of the holes drilled, the results did not sufficiently improve the project's prospects. Accordingly, the Company determined to terminate the option and write off its \$553,000 carrying cost for Boxey Point.

## Properties Analysis

The following table presents the approximate carrying amounts and expenditures on the Company's mineral properties:

Property	December 31, 2008	Incurred during the year ended December 31, 2009	Expensed, amortized, disposed of or written down in 2009	December 31, 2009
Alexis River	\$ 735,200	\$ 24,000	\$ -	\$ 759,200
Boxey Point	303,200	249,600	(552,800)	-
Lost Pond	658,000	11,700	-	669,700
Projects under review	-	89,700	(89,700)	-
Total	\$ 1,696,400	\$ 375,000	\$ (642,500)	\$ 1,428,900

## Results of Operations

### OPERATIONS

All of the Company's operations are at the exploration stage. Therefore, other than minimal interest earned on its cash deposits, the Company continues to create operating losses as a result of general and administration expenses required to review, acquire and evaluate assets and to maintain a public listing.

The fourth quarter saw completion of a prospecting and sampling program at the Lost Pond REE property and geophysics and drilling programs at Boxey Point. The program results from Lost Pond exceeded expectations in that nine rare earth targets have been identified and the best result from the latest assays shows 10.04% TREO. While the program at Boxey Point was a technical success in that low grade uranium was recovered in the majority of the holes drilled, the results did not sufficiently improve the project's prospects. Accordingly, the Company determined to terminate the option and write off the carrying cost for Boxey Point.

One of the Company's objectives remains the identification of suitable uranium companies and assets for acquisition, merger, strategic partnership or joint venture.

### GENERAL AND ADMINISTRATION EXPENSES

The gross costs (with comparative figures for 2008) are as follows:

	2009	2008
Salaries and benefits	\$ 118,685	\$ 290,398
Financial administration	130,430	162,542
Audit	41,317	47,062
Legal	40,284	60,464
Investor relations	144,621	145,830
Stock based compensation expense	109,500	126,594
General office and miscellaneous	21,481	68,668
Travel and marketing	40,828	82,137
<b>Total</b>	<b>\$ 647,146</b>	<b>\$ 983,695</b>

Salary costs were lower in 2009 due to the closure of the Angola office in February 2008, the disposal of the Company's diamond interests in June 2008 and agreement on reduced executive salaries. Financial administration, audit, general office and miscellaneous and travel and marketing costs decreased as a consequence of discontinuing activities in Angola, the disposal of the Company's diamond interests and tight cost control. The decrease in stock based compensation expense is a consequence of the repricing at May 1, 2009 of stock options issued and shorter remaining terms of outstanding options.

### INTEREST ON LONG TERM DEBT

Interest expense on long term debt decreased from \$15,857 to \$nil for the year ended December 31, 2009 as a consequence of the repayment of principal and of accumulated interest in the second quarter of 2008.

## Summary of Quarterly Results

Quarterly results are unaudited.

(All figures are in \$ except share numbers)

Three months ended	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	Mar. 31, 2009	Dec.31, 2008	Sept. 30, 2008	June 30, 2008	Mar. 31, 2008
Exploration and project development	745	21,949	12,266	54,716	125,786	(93,146)	136,924	35,155
Amortization	–	–	–	–	–	–	878	1,002
(Income) loss for the period	786,119	131,803	(218,042)	225,028	108,409	60,620	(433,809)	26,249
Working capital	303,164	(210,403)	(93,198)	(197,601)	(57,808)	1,136,715	1,843,889	1,506,607
Mineral interests	1,428,943	1,750,386	1,732,299	1,739,691	1,696,373	757,906	106,967	138,254
Equipment	–	–	–	–	–	–	–	16,521
Total assets	2,312,870	1,862,549	2,166,960	1,901,213	2,492,998	2,244,574	2,198,776	2,019,360
Shareholders' equity	1,622,107	1,429,983	1,529,101	1,322,090	1,528,565	1,674,621	1,696,389	1,210,563
Shares outstanding <sup>1</sup>	20,599,673	12,477,002	12,387,002	12,387,002	12,347,002	12,297,002	12,247,002	12,247,002
Net (income) loss per share								
– basic and diluted	0.04	0.01	0.02	0.00	0.00	0.10	(0.10)	0.00

1. At the Annual General and Special Meeting held on May 1, 2009, shareholders approved the consolidation of the share capital of the Company on the basis of one new common share for each ten old common shares of the Company. All shares and per share amounts have been restated to reflect the 1 for 10 share consolidation.
2. Quarterly information has been conformed to year end presentation.
3. No dividends have ever been paid.
4. The above information has been summarized from the consolidated financial statements of the Company prepared in accordance with accounting principles generally accepted in Canada.
5. Refer to 'Results of Operations' for a discussion of factors that have caused period to period variations, significant acquisitions, changes in direction of Kirrin's business and other information relevant to an understanding of the Company's financial condition and results of operations.

## Liquidity

### WORKING CAPITAL

At December 31, 2009, the Company had positive working capital of \$303,164 (December 31, 2008 working capital deficiency – \$57,808) due to private placements which closed in the fourth quarter. The Company does not generate positive cash flow from operations and is dependent on its current working capital, private placements and the exercise of stock options to supplement its limited financial resources. The Company continues to face difficult capital market conditions particularly for financing of its working capital needs.

### AMOUNT DUE TO RELATED PARTY

The President of the Company is owed \$245,000 (December 31, 2008 – \$220,000) in respect of accumulated remuneration. \$110,000 (December 31, 2008 – \$110,000) has been recorded as long term as the President has agreed not to demand repayment of this amount before January 2011. The balance is recorded in accounts payable.

## STOCK OPTIONS

On August 21, 2009, the Company granted options over 75,000 common shares at an exercise price of \$0.10 per common share to a consultant. The options vest 25% per annum commencing on the date of grant and expire on August 31, 2014.

On September 2, 2009, a director exercised options over 40,000 common shares for proceeds of \$4,000 and on December 9, 2009, five directors exercised options over 80,000 common shares for proceeds of \$8,000.

The Company issued finder's options over 103,000 units at an exercise price of \$0.10 per unit in connection with a private placement which closed on November 12, 2009. The options vest immediately and expire on November 12, 2010. Each unit consists of one common share and one half common share purchase warrant. Each full warrant is exercisable into one common share at a price of \$0.15 per common share for twelve months from the date of issuance and \$0.20 per common share for the following twelve months, subject to earlier expiry in certain circumstances.

The Company issued finder's options over 568,492 units at an exercise price of \$0.14 per unit in connection with a private placement which closed in December 2009. The options vest immediately and expire in December 2011. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.20 per common share for twelve months from the date of issuance and \$0.25 per common share for the following twelve months, subject to earlier expiry in certain circumstances.

Subsequent to the quarter end, the Company granted options to eight directors, employees and consultants over 670,000 common shares at an exercise price of \$0.14 per share, a 17% premium over the closing price on January 27, 2010 of \$0.12 per share. The options vest 25% per annum commencing on the date of grant and expire between January 25 and February 21, 2015. The Company has 1,436,000 options outstanding under its Option Plan, at an average exercise price of \$0.12 per share.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet financial arrangements.

## ASSET SALE PROCEEDS

On June 30, 2008, the Company completed the sale of its South African subsidiary for consideration of US\$1,350,000. US\$1,050,000 (\$1,055,954) was paid in cash and US\$300,000 was placed in escrow and subsequently paid to the Company in August 2009 (\$362,000). The amount received in cash was recognised as sale proceeds in 2008 and the escrowed amount as sale proceeds in 2009.

## Environmental Liabilities

Kirrin maintains its environmental rehabilitation liabilities on a current basis, thus obviating the need to accumulate a provision for this purpose.

## Capital Resources

At the Annual General and Special Meeting held on May 1, 2009, shareholders approved the change of name of the Company to 'Kirrin Resources Inc.' and the consolidation of the share capital of the Company on the basis of one new common share for each ten old common shares of the Company. All shares and per share amounts have been restated to reflect the 1 for 10 share consolidation.

On January 8, 2009, the Company issued 40,000 common shares at \$0.10 each for consideration of \$4,000 as part of the acquisition of its interest in the Boxey Point property.

On July 15, 2009, the Company issued 50,000 common shares at \$0.08 each for consideration of \$4,000 as part of the acquisition of its interest in the Alexis River property.

On September 2, 2009, the Company issued 40,000 common shares at \$0.10 each for consideration of \$4,000 on the exercise of options.

On November 12, 2009, the Company completed a private placement issuing 2,060,000 units at a purchase price of \$0.10 per unit for proceeds of \$206,000. Each unit consists of one common share and one half common share purchase warrant. Each full warrant is exercisable into one common share at a price of \$0.15 per common share for twelve months from the date of issuance and \$0.20 per common share for the following twelve months, subject to earlier expiry in certain circumstances.

On December 9, 2009, the Company issued 80,000 common shares at \$0.10 each for consideration of \$8,000 on the exercise of options.

On December 23, 2009, the Company completed a private placement issuing 5,698,426 flow-through units at a purchase price of \$0.14 per flow-through unit for proceeds of \$797,780. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.20 per common share for twelve months from the date of issuance and \$0.25 per common share for the following twelve months, subject to earlier expiry in certain circumstances. In addition, 284,245 units were issued for due diligence and finder's fees. The issued securities are subject to a four month hold period from the date of issuance under applicable securities laws.

With continued challenges prevailing in the capital markets, and the size of financings the Company is able to complete at any one time severely limited, share issue costs (comprising brokerage and finder's charges, legal fees and related administration expenses) are in excess of 16% of the funds raised. The Company continues to work towards reducing this burden but does not foresee a major change in 2010.

## Outlook

Kirrin faces distinct challenges in 2010, particularly in relation to financing its overhead and portfolio expansion plans. At December 31, 2009, the Company had met all of its obligations on its existing portfolio of mineral interests and estimates its obligations during 2010 to maintain its interests at \$876,000. The subdued state of the uranium product market combined with challenging capital markets have resulted in a marked decrease in activity in Canadian junior markets. Project values have tumbled in response, affording Kirrin a unique opportunity to deliver rapid growth through acquisitions and strategic development, provided it is able to finance these plans.

## Transactions with Related Parties

Except for the debt arrangements referred to in '*Liquidity*' there were no significant transactions with related parties.

## Critical Accounting Estimates

The Company is a development stage company. The consolidated financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions which may raise doubt regarding this assumption. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The amounts recorded for capitalized exploration expenses, depletion and amortization, write down of mineral interests, stock based compensation and future income taxes are based on estimates. By their nature, these estimates are subject to measurement uncertainty and changes in these estimates may impact the consolidated financial statements for future periods.

Amounts recorded for mineral interests represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

## Changes in Accounting Policies Including Initial Adoption

The Canadian Accounting Standards Board has established 2011 as the year that Canadian companies' financial reporting requirements should comply with International Financial Reporting Standards ('IFRS'). The transition date, January 1, 2011, will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has completed its initial internal review of the impact of the adoption of IFRS for 2011. This review considered potential differences between applicable IFRS policies and those currently used by the Company. Accounting policy changes are expected to be required in the areas of business combinations, mineral interests impairment testing, asset retirement obligations, stock based compensation and exploration expenses. Available elections under IFRS will minimize the impact of these changes such that the financial reporting impact of the transition to IFRS is not expected to be material to the Company's financial results. The Company has initiated the planning of the audit of its opening balance sheet under IFRS, which is expected to be completed during the summer of 2010.

Other changes in accounting policies and recent accounting pronouncements are discussed in Notes 2 (b) and 2 (l) to the consolidated financial statements. These include the adoption of standards with respect to 'Goodwill and Intangible Assets', 'Financial Instruments – Disclosures', 'Credit Risk and Fair Value of Financial Assets and Financial Liabilities', and 'Mining Exploration Costs' as of January 1, 2009.

## Financial Instruments and Other Instruments

The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's exposure to financial risk factors is minimal and is detailed in Note 6 to the consolidated financial statements. While the Company is a development stage company and has no production or sales revenues, it bears commodity price risk in that commodity price may influence investors and thus impact the outcome of the Company's equity financing in 2010 and later. Although the spot price for uranium may remain subdued during 2010, the Company considers that supply and demand fundamentals remain strong and that the spot price will respond positively over the medium term. Rare earth elements are not exchange traded commodities. While the Company considers that supply and demand fundamentals remain strong, the risks associated with monopoly conditions are present due to China's effective control over global supplies.

## Controls and Procedures

In the light of the Company's small size, controls and procedures for financial reporting and proper public disclosure are affected by limited segregation of duties. To help mitigate potential control weaknesses, (a) the Chief Executive Officer ('CEO') is actively involved in the day to day business of the Company, including in its overseas jurisdictions, (b) the CEO and Chief Financial Officer ('CFO') jointly review all payments, and (c) the Company has implemented accounting data review procedures to assist the integrity of reports. It is not economically feasible, at the Company's current size and with the limited number of staff available, to achieve optimum or complete segregation of duties. Also, Kirrin does not have a sufficient number of finance personnel, with all of the technical accounting knowledge, to address all complex and non-routine accounting transactions that may arise. These weaknesses in internal controls raise the possibility that a material misstatement may not be prevented or detected.

Management and the Board of Directors work towards mitigating the risk of material misstatements: (a) the integral role of the CEO in day to day operations provides a direct connection to source data review, (b) the approval by the Board of all material transactions, and (c) use of accounting data review procedures, all provide a further level of assurance. Kirrin currently has no plans to remediate the above mentioned weaknesses which are linked with its current size and nature of operations.

## Other Matters

### INVESTOR RELATIONS

The investor relations program is aimed primarily at investor communications and interaction with the financial community in Canada and Europe. CHF Investor Relations of Toronto and Calgary is the Company's investor relations counsel in Canada. The monthly fee is \$4,000, plus expenses which arise, *inter alia*, in relation to briefings, presentations and the provision of publicity materials. In addition, CHF has been granted an option to acquire 125,000 shares in the Company expiring April 12, 2012 exercisable at \$0.10 each. Investment Connections of Versoix, Switzerland, is the Company's investor relations counsel in Europe. Remuneration arrangements are on a per diem basis as well as a finder's fee for private placements of the Company's securities.

### DISCLOSURE OF OUTSTANDING SHARE DATA

The Company's authorized share capital consists of unlimited common shares without par value and unlimited preferred shares in one or more series. No preferred shares have been issued. Outstanding share data at December 31, 2009 and March 16, 2010 was:

	December 31, 2009	March 16, 2010
Issued and outstanding common shares	20,599,673	22,393,263
Warrants outstanding	7,012,671	8,679,338
Options outstanding	1,437,492	2,107,492

### BUSINESS RISKS

The exploration and development of natural resource properties involves a wide range of risks which includes, but is not limited to, the uncertainty of discovery, lack of commercial deposits following discovery, title to properties, changes in government regulations, uninsured risks, product price fluctuations, environmental factors, political and economic risks, exchange rate fluctuations and exchange controls.

Kirrin's projects are at an early stage of exploration. Kirrin's success will depend on the expertise of its management in pursuing business opportunities. The Company is in competition with companies possessing greater financial resources for both properties and personnel. The Company does not generate positive cash flow, has limited financial resources and must raise additional capital to implement its programs.

Readers are directed to the Company's web site for a fuller disclosure of business risks.

### ADDITIONAL INFORMATION

Additional information regarding the Company is available on the Company's web site at [www.kirrinresources.com](http://www.kirrinresources.com).