

Interim Condensed Consolidated Financial Statements of

KIRRIN RESOURCES INC.

Nine months ended September 30, 2011
(Unaudited)

Notice - These interim condensed consolidated financial statements have not been reviewed by an auditor.

KIRRIN RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position - Unaudited

	September 30, 2011	December 31, 2010 (Note 10)	January 1, 2010 (Note 10)
Assets			
Current assets:			
Cash and equivalents	\$ 309,414	\$ 1,894,646	\$ 717,161
Accounts receivable	64,097	133,930	149,070
Prepaid expenses and other	6,735	735	17,696
	380,246	2,029,311	883,927
Exploration and evaluation assets (Note 3)	2,537,946	1,643,711	1,428,943
	\$ 2,918,192	\$ 3,673,022	\$ 2,312,870

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities (Note 5)	\$ 316,711	\$ 693,964	\$ 580,763
Deferred taxes	85,227	195,000	53,907
	401,938	888,964	634,670
Amount due to related party (Note 5)	200,000	110,000	110,000
	601,938	998,964	744,670
Shareholders' equity:			
Share capital (Note 6)	4,796,943	4,783,943	3,716,995
Warrants (Note 6)	1,198,000	1,292,500	341,000
Contributed surplus	806,865	641,647	593,446
Deficit	(4,485,554)	(4,044,032)	(3,083,241)
	2,316,254	2,674,058	1,568,200
	\$ 2,918,192	\$ 3,673,022	\$ 2,312,870

Future operations (Note 1) Commitment (Note 9)

See accompanying notes

On behalf of the Board

"Derek Moran"
Derek J. Moran
Director

"Peter Farkas"
Peter T. Farkas
Director

KIRRIN RESOURCES INC.

Condensed Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit - Unaudited

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
		(Note 10)		(Note 10)
Expenses:				
Project development	\$ 3,689	\$ 851	\$ 26,901	\$ 2,771
Exploration	8,938	-	9,620	15,448
General and administrative	133,902	87,635	443,562	329,179
Share based payments	23,573	10,842	70,718	32,526
Amortization	248	149	494	484
Loss before income taxes	(170,350)	(99,477)	(551,295)	(380,408)
Provision for income taxes	44,519	9,327	109,773	34,032
Net loss and comprehensive loss for the period	(125,831)	(90,150)	(441,522)	(346,376)
Deficit, beginning of period (Note 6 a)	(4,359,723)	(3,339,467)	(4,044,032)	(3,083,241)
Deficit, end of period	\$ (4,485,554)	\$ (3,429,617)	\$ (4,485,554)	\$ (3,429,617)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)

See accompanying notes

KIRRIN RESOURCES INC.

Condensed Interim Consolidated Statements of Changes in Equity - Unaudited

	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance, January 1, 2010	\$ 3,716,995	\$ 341,000	\$ 593,446	\$ (3,083,241)	\$ 1,568,200
Issued for exploration and evaluation assets	61,000	-	-	-	61,000
Issued for cash in a private placement	515,500	358,500	-	-	874,000
Issued for cash on a flow-through basis in a private placement	964,800	535,200	-	-	1,500,000
Issued for finder's fees	10,000	57,800	-	-	67,800
Future income tax effect from tax benefits renounced on flow-through shares	(195,000)	-	-	-	(195,000)
Share issue costs	(289,352)	-	-	-	(289,352)
Share based payments	-	-	48,201	-	48,201
Net loss and comprehensive loss	-	-	-	(960,791)	(960,791)
Balance, December 31, 2010	4,783,943	1,292,500	641,647	(4,044,032)	2,674,058
Issued for exploration and evaluation assets	13,000	-	-	-	13,000
Share based payments	-	-	70,718	-	70,718
Warrants expired	-	(94,500)	94,500	-	-
Net loss and comprehensive loss	-	-	-	(441,522)	(441,522)
Balance, September 30, 2011	\$ 4,796,943	\$ 1,198,000	\$ 806,865	\$ (4,485,554)	\$ 2,316,254
Balance, January 1, 2010	\$ 3,716,995	\$ 341,000	\$ 593,446	\$ (3,083,241)	\$ 1,568,200
Issued for exploration and evaluation assets	54,250	-	-	-	54,250
Issued for cash in a private placement	105,500	94,500	-	-	200,000
Issued for finder's fees	10,000	-	-	-	10,000
Share issue costs	(25,099)	-	-	-	(25,099)
Share based payments	-	-	32,526	-	32,526
Net loss and comprehensive loss	-	-	-	(346,376)	(346,376)
Balance, September 30, 2010	\$ 3,861,646	\$ 435,500	\$ 625,972	\$ (3,429,617)	\$ 1,493,501

See accompanying notes

KIRRIN RESOURCES INC.

Condensed Interim Consolidated Statements of Cash Flows

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
		(Note 10)		(Note 10)
Cash flows from (used by):				
Operating activities:				
Net loss and comprehensive loss for the period	\$ (125,831)	\$ (90,150)	\$ (441,522)	\$ (346,376)
Add (deduct) non-cash items				
Share based payments	23,573	10,842	70,718	32,526
Amortization	248	149	494	484
Provision for income taxes	(44,519)	(9,327)	(109,773)	(34,032)
Change in non-cash working capital	(66,618)	15,723	(78,597)	31,903
	(213,147)	(72,763)	(558,680)	(315,495)
Financing activities:				
Shares issued for cash	-	2,500	-	169,750
Warrants issued for cash	-	-	-	94,500
Share issue costs	-	(651)	-	(25,099)
Advances from (repayment to) amount due to related party	25,000	-	(50,000)	(20,000)
Change in non-cash working capital	-	(499)	(61,447)	(34,657)
	25,000	1,350	(111,447)	184,494
Investing activities:				
Exploration and evaluation assets	(356,908)	(71,659)	(879,870)	(336,740)
Purchase of property and equipment	(1,858)	-	(1,858)	(2,323)
Proceeds from government grant	-	-	79,900	-
Change in non-cash working capital	7,793	(49,974)	(113,277)	(212,320)
	(350,973)	(121,633)	(915,105)	(551,383)
Net decrease in cash and equivalents	(539,120)	(193,046)	(1,585,232)	(682,384)
Cash and equivalents at beginning of period	848,534	227,823	1,894,646	717,161
Cash and equivalents at end of period	\$ 309,414	\$ 34,777	\$ 309,414	\$ 34,777

See accompanying notes

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements For the nine months ended September 30, 2011 - Unaudited (stated in Canadian dollars)

Kirrin Resources Inc. (the 'Company') is incorporated under the laws of Alberta. The Company's principal business is the acquisition, exploration and development of uranium and rare earth elements resources properties. The address of the Company's registered office is 1900, 520 - 3rd Avenue SW, Calgary, Alberta, T2P 0R3.

1. Future operations:

The Company is an exploration stage company. This consolidated statement of financial position has 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 Company has a history of losses and no operating revenue other than interest income, the receipt of proceeds on the sale of subsidiaries and government grants. The recoverability of capitalized costs is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives is dependent on its ability to raise adequate financing to fund on-going operating expenditures until it generates operating profitability and positive cash flow. Management is seeking equity financing for the Company during 2011 and, although management has been successful in securing adequate financing in the past, there is no assurance that its initiatives will be successful in the future.

These 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.

2. Significant accounting policies:

a) Statement of compliance:

These condensed interim consolidated financial statements, including comparative figures, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("CAGAAP") to IFRS are included in Note 10.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting and IFRS 1 - First-Time Adoption of International Financial Reporting Standards. Subject to certain transition elections disclosed in Note 10, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet as at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect.

These are the Company's third condensed interim financial statements presented in accordance with IFRS within the period covered by the first annual financial statements to be presented in accordance with IFRS, being for the year ending December 31, 2011. Previously, the Company prepared its annual and interim financial statements in accordance with CAGAAP.

The policies applied in these condensed interim consolidated financial statements are the same as the policies disclosed in Note 2 of the condensed interim consolidated financial statements contained in and applied for the period ended March 31, 2011 and are based on IFRS issued and outstanding as of the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the condensed interim consolidated financial statements for the period ended March 31, 2011 and the CAGAAP annual financial statements for the year ended December 31, 2010.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 24, 2011.

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2011 - Unaudited
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2. Significant accounting policies (continued):

b) Basis of presentation:

These interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except in the interim consolidated statement of cash flows. The preparation of these interim consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. Actual results may differ from these estimates.

The standards that are effective or available for annual financial statements for the year ending December 31, 2011 are subject to change and may be affected by additional interpretations. Accordingly, the accounting policies for the annual period that are relevant to these consolidated interim financial statements will be determined only when the first IFRS financial statements are prepared for the year ending December 31, 2011.

c) Basis of consolidation:

The consolidated statement of financial position includes the accounts of the Company and its wholly-owned subsidiaries as follows:

	Jurisdiction	Nature of operations
Kirrin Exploration Inc.	Alberta, Canada	Exploration company
Monroe Minerals Holdings Limited	Isle of Man, United Kingdom	Holding company

Inter-company balances and transactions are eliminated in preparing the consolidated interim financial statements. The subsidiaries use accounting policies consistent with IFRS.

d) Foreign currencies:

The presentation currency of the Company and the functional currency of the Company and each of its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the relevant transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Translation gains and losses are included in income or expense of the period in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

e) Significant accounting judgments and estimates:

The preparation of these consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which by their nature are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements
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2. Significant accounting policies (continued):

e) Significant accounting judgments and estimates (continued):

- the recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;
- the estimated useful lives of property and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss;
- the inputs used in accounting for share based payments expense in the consolidated statement of comprehensive loss;
- the provision for income taxes which is included in the consolidated statement of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position;
- the inputs used in determining the net present value of the liabilities for decommissioning provision included in the consolidated statement of financial position; and
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statement of financial position.

f) Application of new and revised International Financial Reporting Standards:

The IASB has issued the following standards which have not yet been adopted by the Company: IFRS 9 - Financial Instruments - Classification and Measurement, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 27 - Separate Financial Statements, IFRS 13 - Fair Value Measurement, and amended IAS 28 - Investments in Associates and Joint Ventures. The new standards are effective for annual periods beginning on or after January 1, 2013 with early option permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

3. Exploration and evaluation assets:

	Alexis River	Lost Pond	Key Lake SW	Grevet	Total
Balance, January 1, 2010	\$ 759,233	\$ 669,710	\$ -	\$ -	\$ 1,428,943
Additions 2010					
Acquisition costs	2,500	13,000	45,500	16,000	77,000
Drilling	-	196,728	-	-	196,728
Geology and geophysics	1,500	6,325	215,662	183,990	407,477
Results analysis	-	6,999	-	7,880	14,879
Maps, drafting and reports	-	4,000	2,000	22,330	28,330
	4,000	227,052	263,162	230,200	724,414
Total	763,233	896,762	263,162	230,200	2,153,357
Government grants	-	(80,000)	-	-	(80,000)
Write down	-	(431,347)	-	-	(431,347)
Property and equipment (net)					1,701
Balance, December 31, 2010	763,233	385,415	263,162	230,200	1,643,711
Additions 2011					
Acquisition costs	3,000	12,025	20,971	10,000	45,996
Geology and geophysics	19,586	(12,327)	612,744	226,871	846,874
	22,586	(302)	633,715	236,871	892,870
Total	785,819	385,113	896,877	467,071	2,534,880
Property and equipment (net)					3,066
Balance, September 30, 2011	\$ 785,819	\$ 385,113	\$ 896,877	\$ 467,071	\$ 2,537,946

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Notes to Condensed Interim Consolidated Financial Statements
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3. Exploration and evaluation assets (continued):

At September 30, 2011, exploration and evaluation assets under development totalling \$2,534,880 (December 31, 2010 - \$1,642,010; January 1, 2010 - \$1,428,943) are not subject to depletion and depreciation.

Exploration and evaluation assets consist of the following:

a) Alexis River, Canada:

The Company has an option agreement with Altius Resources Inc. ('Altius') dated July 24, 2007 and amended February 1, 2010 to earn a minimum 60%, maximum 100% interest in the Alexis River uranium property, located in southeastern Labrador. The Company is required to spend \$1,250,000 on exploration by June 30, 2012 and issue 250,000 common shares to Altius, 50,000 on signing and the balance divided equally originally over four years on each anniversary of the agreement. Upon the Company fulfilling its earn-in obligations, and if Altius elects to retain a working interest, the parties will form a joint venture, each partner contributing its pro-rata share of future expenditures. The interest of a party thereafter diluting to less than 10% in the joint venture will be converted to a 10% net profit interest after recovery of capital costs.

The Company is current on its obligations on the Alexis River program. The project is in the exploration stage.

b) Lost Pond and Bottom Brook, Canada:

The Company has an option agreement with Ucore Rare Metals Inc. ('Ucore') dated September 15, 2008 and amended November 1, 2010 and September 20, 2011 to earn a minimum 50%, maximum 65% interest over four years in the Lost Pond rare earth elements and uranium property, located in western Newfoundland. The Company is required to spend \$2,045,000 on exploration by December 31, 2014 and issue 300,000 common shares to Ucore, 50,000 on signing and the balance over four years on each anniversary of the agreement. Upon the Company fulfilling its earn-in obligations, the parties will form a joint venture, each partner contributing its pro-rata share of future expenditures, or Ucore may elect to convert its interest to a 35% interest, which will be carried through to the completion of a pre-feasibility study. The interest of a party diluting to less than 10% in the joint venture will be converted to a royalty of 1% or 1.5% of gross sales, depending on underlying royalties, of which 0.5% may be acquired for \$500,000.

The Company concluded that the results of uranium exploration at Lost Pond did not warrant its continuation at this time. Accordingly, it was suspended and carrying costs in the amount of \$431,347 written off in 2010. The rare earth elements section of the exploration program at the Lost Pond property, now referred to as Bottom Brook, is continuing.

The costs of the 2010 exploration program at Lost Pond were partly offset by an \$80,000 grant awarded by the Newfoundland and Labrador Department of Natural Resources. The grant is recorded as a receivable at December 31, 2010 and was subsequently received.

The Company is current on its obligations on the Lost Pond/Bottom Brook program. The project is at the exploration stage.

c) Grevet, Canada:

The Company has an option agreement with Michel Proulx ('MP') dated February 8, 2010 allowing it to earn a 100% interest over four years in the Grevet rare earth elements property located in northwestern Quebec. The Company is required to spend \$1,850,000 on exploration, including a minimum first year commitment of \$200,000, and to make payments to MP amounting to \$20,000, over four years to earn its interest. Upon the Company fulfilling its earn-in obligations, MP will retain a 1.0% NSR royalty on all minerals produced, half of which may be purchased by the Company for \$500,000. In addition, after earning its interest the Company will pay MP \$150,000 upon the receipt of a positive feasibility study.

The Company has an option agreement with Ressources Centurion Inc. and Placements Jules Boudreau Inc. (the 'Vendors') dated July 1, 2011 allowing it to earn a 100% interest in claims adjacent to the Company's Grevet property by spending \$250,000 on exploration, including a minimum commitment by June 30, 2013 of \$50,000, and making aggregate payments to the Vendors of \$25,000 over four years. The Vendors will retain a 0.5% NSR royalty on all minerals produced from the property, half of which may be purchased by the Company for \$500,000. In addition, the Company will pay the Vendors \$75,000 upon the receipt of a positive feasibility study.

The Company is current on its obligations on the Grevet program. The project is at the exploration stage.

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Notes to Condensed Interim Consolidated Financial Statements
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3. Exploration and evaluation assets (continued):

d) Key Lake Southwest, Canada:

The Company has an option agreement with Majesta Resources Inc. ('Majesta') dated March 5, 2010 allowing it to earn a 70% interest in the Key Lake Southwest uranium property, located in northwestern Saskatchewan, by spending \$3,000,000 on exploration by December 31, 2015, making payments to Majesta of \$268,000 by December 31, 2013, and issuing 350,000 common shares to Majesta by June 30, 2010. Upon the Company fulfilling its earn-in obligations, the parties will form a joint venture, with each partner contributing its pro-rata share of future expenditures, or Majesta may elect to convert to a 2.25% Net Smelter Returns ('NSR') royalty. The Company will have the right to acquire up to 1.25% of the 2.25% NSR royalty for consideration of \$1,000,000 per 1.0%. The interest of a party diluting to less than 10% in the joint venture will be converted to a NSR royalty of 0.75%.

The Company is current on its obligations on the Key Lake Southwest program. The project is at the exploration stage.

e) Boxey Point, Canada:

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. 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 support the prospect of eventual economic feasibility. Accordingly, the Company terminated the option and expensed its carrying cost in the amount of \$552,833.

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

4. Decommissioning provision:

The Company's decommissioning provision consists of reclamation costs for the Lost Pond uranium property in Newfoundland and is estimated to be settled in the current year. The estimated total undiscounted amount to settle the asset retirement obligation is \$5,000. This amount was expensed in 2010, when it was determined that the project was not economically feasible and the carrying costs were expensed.

5. Related party transactions and balances:

The amount due to related party of \$200,000 (December 31, 2010 - \$110,000; January 1, 2010 - \$110,000) is in respect of unpaid salary to the President of the Company, is unsecured, has no repayment terms and bears no interest. The President has agreed not to request repayment of the balance before October 2012.

The Company is also indebted to its President in the amount of \$13,159 (December 31, 2010 - \$155,608), included in accounts payable and accrued liabilities, in respect of expenses incurred on its behalf in the amount of \$13,159 (December 31, 2010 - \$15,608) and unpaid salary of \$nil (December 31, 2010 - \$140,000).

Included in general and administrative expense is \$46,381 (2010 - \$21,352), of which \$4,228 (2010 - nil) is included in accounts payable and accrued liabilities, in respect of financial administrative services paid to a company controlled by the Chief Financial Officer of the Company.

The above transactions are measured at the exchange amount, which is the amount of consideration established and agreed between the transacting parties.

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements For the nine months ended September 30, 2011 - Unaudited (stated in Canadian dollars)

6. Capital and reserves:

Authorized share capital:

Unlimited number of common shares without nominal or par value.

Unlimited number of preferred shares in one or more series, none of which have been issued.

Common shares issued:	Number	Amount
Balance, January 1, 2010	20,599,673	\$ 3,716,995
Issued for exploration and evaluation assets	500,000	61,000
Issued for cash in a private placement	10,091,667	515,500
Issued for cash on a flow-through basis in a private placement	15,000,000	964,800
Issued for finder's fees	76,923	10,000
Income tax effect from tax benefits renounced on flow-through shares	-	(195,000)
Share issue costs	-	(289,352)
Balance, December 31, 2010	46,268,263	4,783,943
Issued for exploration and evaluation assets	216,667	13,000
Balance, September 30, 2011	46,484,930	\$ 4,796,943

Warrants issued:	Number	Amount
Balance, January 1, 2010	7,012,671	\$ 341,000
Issued for cash in a private placement	5,879,167	358,500
Issued for cash on a flow-through basis in a private placement	7,500,000	535,200
Issued for finder's fees	810,250	57,800
Balance, December 31, 2010	21,202,088	1,292,500
Expired	(1,666,667)	(94,500)
Balance, December 31, 2010 and September 30, 2011	19,535,421	\$ 1,198,000

Contributed surplus:		
Balance, January 1, 2010	\$	593,446
Share based payments		48,201
Balance, December 31, 2010		641,647
Share based payments		70,718
Warrants expired		94,500
Balance, September 30, 2011	\$	806,865

a) Financing:

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 and authorized the reduction of the accumulated deficit of the Company by an amount of \$8,000,000, correspondingly reducing the contributed surplus and share capital accounts. All shares and per share amounts in the financial statements have been adjusted to reflect the 1 for 10 share consolidation.

On January 26, 2011, the Company granted options over 1,755,000 common shares at an exercise price of \$0.13 each to directors and consultants. The options will vest 25% annually and expire on January 27, 2016.

On June 23, 2011, the Company issued 166,667 common shares at \$0.06 each for consideration of \$10,000 in connection with the option agreement for land adjacent to the Grevet property referred to in Note 3 c) above.

On July 21, 2011, the Company issued 50,000 common shares at \$0.06 each for consideration of \$3,000 in connection with the option agreement referred to in Note 3 a) above.

b) Incentive stock options and share based payments:

Under its Stock Option Plan, the Company may grant options to employees and other participants up to 10% of its issued and outstanding common shares from time to time. The exercise price of each option must not be less than the market price on the date of grant less any discount allowed by the rules, by-laws or policies of the Exchange. Options granted may be exercised as determined by the Board subject to the rules of the Exchange.

KIRRIN RESOURCES INC.

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6. Capital and reserves (continued):

b) Incentive stock options and share based payments (continued):

At the Annual General and Special Meeting held on May 1, 2009, shareholders approved an amendment to the stock option plan and approved the re-pricing to \$0.10 per option of all outstanding stock options under the plan as of that date. The Company recognized a reduction of share based payments expense of \$6,000 on the re-pricing of the options in 2009.

c) Stock options and warrants:

At September 30, 2011, the Company had authority under its Stock Option Plan to grant a further 1,597,493 options. The continuity of stock options and warrants as of September 30, 2011 is as follows:

	Nine months ended September 30, 2011		Year ended December 31, 2010	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Incentive stock plan options				
Outstanding at beginning of period	1,291,000	\$0.12	766,000	\$0.10
Issued	1,755,000	0.13	845,000	0.13
Expired	-	-	(320,000)	0.10
Outstanding at end of period	3,046,000	\$0.13	1,291,000	\$0.12
Exercisable at end of period	1,226,000	\$0.12	601,000	\$0.11
Other options/warrants				
Outstanding at beginning of period	1,378,742	\$0.14	671,492	\$0.13
Issued	-	-	810,250	0.14
Expired	-	-	(103,000)	0.10
Outstanding and exercisable at end of period	1,378,742	\$0.14	1,378,742	\$0.14
Warrants				
Outstanding at beginning of period	20,391,838	\$0.16	7,012,671	\$0.19
Issued	-	-	13,379,167	0.13
Expired	(1,666,667)	0.14	-	-
Outstanding and exercisable at end of period	18,725,171	\$0.16	20,391,838	\$0.16

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(stated in Canadian dollars)

6. Capital and reserves (continued):

c) Stock options and warrants (continued):

	Number outstanding	Exercise price	Number exercisable	Exercise price	Expiry date
Incentive stock plan options					
	125,000	\$0.10	125,000	\$0.10	Apr. 30, 2012
	246,000	\$0.10	246,000	\$0.10	Nov. 5, 2012
	75,000	\$0.10	56,250	\$0.10	Aug. 31, 2014
	100,000	\$0.14	50,000	\$0.14	Jan. 12, 2015
	75,000	\$0.10	-	\$0.10	Jan. 12, 2015
	540,000	\$0.14	270,000	\$0.14	Jan. 25, 2015
	30,000	\$0.14	15,000	\$0.14	Feb. 21, 2015
	100,000	\$0.12	25,000	\$0.12	Dec. 23, 2015
	1,755,000	\$0.13	438,750	\$0.13	Jan. 27, 2016
Total	3,046,000	\$0.13	1,226,000	\$0.12	
Other options/warrants					
	568,492 ⁽¹⁾	\$0.14	568,492	\$0.14	Dec. 22, 2011
	810,250	\$0.14	810,250	\$0.14	Dec. 24, 2012
Total	1,378,742	\$0.14	1,378,742	\$0.14	
Warrants					
	1,030,000	\$0.20	1,030,000	\$0.20	Nov. 10, 2011
	5,698,426	\$0.25	5,698,426	\$0.25	Dec. 22, 2011
	284,245	\$0.25	284,245	\$0.25	Dec. 22, 2011
	4,212,500	\$0.12	4,212,500	\$0.12	May 1, 2012
	7,500,000	\$0.14	7,500,000	\$0.14	Dec. 24, 2012
Total	18,725,171	\$0.16	18,725,171	\$0.16	

(1) A portion of the options include the right to acquire 568,492 warrants to acquire a like number of common shares at \$0.25 per share until December 2011, which warrants are not currently outstanding and are not included in this table.

d) Option and warrant pricing:

The fair value of options and warrants issued during 2011 and 2010 was calculated using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2011	December 31, 2010
Risk-free interest rate	2.0%	1.1%
Expected volatility	104%	117%
Expected life - options	5.0 years	5.0 years
Expected life - warrants	n/a	1.8 years

The weighted average grant date fair value of 1,755,000 stock options granted in 2011 was \$0.10 per stock option.

Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements
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7. Financial instruments:

The fair values of the Company's cash and equivalents, accounts receivable and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. The fair value of the amount due to related party is not determinable as there are no set terms of repayment. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

a) Credit risk:

The Company does not engage in any sales activities and has no significant credit risk arising from operations. Credit risk primarily arises from the Company's cash and accounts receivable. The risk exposure is limited to their carrying amount at the balance sheet date.

The Company's cash and equivalents are held in large Canadian financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company's receivables comprise refunds of sales taxes from the Canadian government and at December 31, 2010 a grant from the Newfoundland & Labrador Department of Natural Resources.

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within twelve months of the balance sheet date. Amount due to related party totalling \$nil (2010 - \$140,000) (Note 5) is payable within one year.

c) Commodity price risk:

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 financings in 2011 and later. The spot price for uranium has been volatile in the past three years. The Company considers that supply and demand fundamentals remain strong and that the spot price will continue to respond positively to the growth in the number of nuclear reactors.

Rare earth elements are not exchange traded commodities and China has a virtual monopoly on production and price setting. Accordingly, although prices increased strongly during 2009 and 2010 they became more volatile in 2011. The Company considers that while supply and demand fundamentals remain strong, the risks associated with monopoly conditions are present.

d) Fair value hierarchy:

IFRS 7 - Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 309,414	-	-	\$ 309,414
Accounts receivable	\$ 64,097	-	-	\$ 64,097
Accounts payable and accrued liabilities	\$ 316,711	-	-	\$ 316,711
Amount due to related party	\$ 200,000	-	-	\$ 200,000

KIRRIN RESOURCES INC.

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8. Management of capital risk:

The Company's capital structure reflects its strategy and the financial environment in which it operates. The objectives when managing capital are to maintain adequate levels of funding to support the acquisition, exploration and development of uranium and rare earth elements resources properties, to maintain the necessary corporate and administrative functions to facilitate these activities and to safeguard the Company's ability to continue as a going concern.

The Company's current portfolio of properties is in the exploration stage and the Company is dependent primarily on external equity financing to fund its activities. There can be no assurance that the Company will be able to raise capital in this manner in the future. The Company will utilize its existing working capital, and raise additional amounts as required, through the issue of common shares, flow-through shares, share purchase warrants and stock options, to carry out planned exploration and to fund administrative costs. The Company will continue to assess new properties and to seek to acquire interests in additional properties if it believes sufficient economic potential exists and it has adequate financial resources.

9. Commitment:

The Company has flow-through commitments in relation to its issuance of flow-through common shares for expenditures of \$1,500,000 (2009 - \$580,500) on exploration and development activities to be incurred prior to December 31, 2011. As of September 30, 2011, \$844,413 of qualifying expenditures have been incurred.

10. Transition to International Financial Reporting Standards:

In preparing these consolidated interim financial statements for the nine months ended September 30, 2011, the comparative information for the nine months ended September 30, 2010, the financial statements for the year ended December 31, 2010 and the opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with CAGAAP.

An explanation of how the transition from CAGAAP to IFRS has affected the Company's financial position follows.

The guidance for the first-time adoption of IFRS is set out in IFRS 1 - First-time Adoption of International Financial Reporting Standards. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS. The Company has elected to apply the following transitional arrangements in preparing this consolidated statement of financial position:

a) Share-based payment transactions:

IFRS 2 - Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010. IFRS 2 has been applied to those options that were issued after November 7, 2002 but that have not vested by January 1, 2010. As a result, on January 1, 2010 the Company reduced reserves related to equity settled employee benefits by \$4,729, and decreased Deficit by \$4,729.

b) Property, plant and equipment:

IAS 16 - Property, Plant and Equipment allows property, plant and equipment to continue to be carried at cost less depreciation, the same practice as under CAGAAP. Mineral interests have been reclassified as Exploration and evaluation assets.

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements
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10. Transition to International Financial Reporting Standards (continued):

c) Flow-through shares:

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under CAGAAP. There is no equivalent IFRS guidance. The Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made. This policy is consistent with generally accepted accounting principles in the United States.

As a result of the adoption of this policy, on January 1, 2010 the Company reversed \$410,000 income tax recovery previously recorded as a result of flow-through shares in the Statement of Comprehensive Loss and Deficit, and reversed the offsetting \$410,000 direct charge to Deficit. Of the \$314,370 premium paid for flow-through shares, \$260,463 was recorded in Deficit as the qualifying expenditures were incurred prior to January 1, 2010. The difference of \$53,907 was recorded as Deferred taxes.

KIRRIN RESOURCES INC.

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10. Transition to International Financial Reporting Standards (continued):

The January 1, 2010, September 30, 2010 and December 31, 2010 CAGAAP consolidated balance sheet has been reconciled to the corresponding IFRS statements of financial position for the same dates as follows:

	Note	January 1, 2010			September 30, 2010			December 31, 2010		
		CAGAAP	Effect of transition to IFRS	IFRS	CAGAAP	Effect of transition to IFRS	IFRS	CAGAAP	Effect of transition to IFRS	IFRS
Assets										
Current assets:										
Cash and equivalents		\$ 717,161	-	\$ 717,161	\$ 34,777	-	\$ 34,777	\$ 1,894,646	-	\$ 1,894,646
Accounts receivable		149,070	-	149,070	24,775	-	24,775	133,930	-	133,930
Prepaid expenses and other		17,696	-	17,696	3,919	-	3,919	735	-	735
		883,927	-	883,927	63,471	-	63,471	2,029,311	-	2,029,311
Exploration and evaluation assets		1,428,943	-	1,428,943	1,867,522	-	1,867,522	1,643,711	-	1,643,711
		\$ 2,312,870	-	\$ 2,312,870	\$ 1,930,993	-	\$ 1,930,993	\$ 3,673,022	-	\$ 3,673,022
Liabilities and Shareholders' Equity										
Current liabilities:										
Accounts payable and accrued liabilities		\$ 580,763	-	\$ 580,763	\$ 217,617	-	\$ 217,617	\$ 693,964	-	\$ 693,964
Deferred taxes	10 c)	-	53,907	53,907	-	19,875	19,875	-	195,000	195,000
		580,763	53,907	634,670	217,617	19,875	237,492	693,964	195,000	888,964
Amount due to related party		110,000	-	110,000	200,000	-	200,000	110,000	-	110,000
		690,763	53,907	744,670	417,617	19,875	437,492	803,964	195,000	998,964
Shareholders' equity:										
Share capital	10 c)	3,621,365	95,630	3,716,995	3,567,016	294,630	3,861,646	4,684,313	99,630	4,783,943
Warrants		341,000	-	341,000	435,500	-	435,500	1,292,500	-	1,292,500
Contributed surplus	10 a)	598,175	(4,729)	593,446	635,914	(9,942)	625,972	640,221	1,426	641,647
Deficit	10 b), c)	(2,938,433)	(144,808)	(3,083,241)	(3,125,054)	(304,563)	(3,429,617)	(3,747,976)	(296,056)	(4,044,032)
		1,622,107	(53,907)	1,568,200	1,513,376	(19,875)	1,493,501	2,869,058	(195,000)	2,674,058
		\$ 2,312,870	-	\$ 2,312,870	\$ 1,930,993	-	\$ 1,930,993	\$ 3,673,022	-	\$ 3,673,022

KIRRIN RESOURCES INC.

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10. Transition to International Financial Reporting Standards (continued):

The opening deficit under CAGAAP has been reconciled to IFRS as follows:

	Note	January 1, 2010
Deficit, under CAGAAP		\$ (2,938,433)
Adjustments:		
Reverse future tax provision set up on 2007 flow-through share issuance	10 c)	(410,000)
Record tax effect when expenditures incurred on 2007 flow-through share issuance	10 c)	240,290
Record tax effect when expenditures incurred on 2009 flow-through share issuance	10 c)	20,173
Adjust share based payments expense on unvested options	10 a)	4,729
		<u>(144,808)</u>
Deficit, under IFRS		\$ (3,083,241)

KIRRIN RESOURCES INC.

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10. Transition to International Financial Reporting Standards (continued):

The CAGAAP consolidated statements of income (loss) and comprehensive income (loss) for the three and nine month periods ended September 30, 2010 and year ended December 31, 2010 has been reconciled to IFRS for the same periods as follows:

	Three months ended September 30, 2010			Nine months ended September 30, 2010			Year ended December 31, 2010			
	Note	CAGAAP	Effect of transition to IFRS	IFRS	CAGAAP	Effect of transition to IFRS	IFRS	CAGAAP	Effect of transition to IFRS	IFRS
Expenses:										
Exploration		\$ -	-	\$ -	\$ 15,448	-	\$ 15,448	\$ 9,183	-	\$ 9,183
Project development		851	-	851	2,771	-	2,771	25,442	-	25,442
General and administrative		87,635	-	87,635	329,179	-	329,179	499,903	-	499,903
Stock based compensation	10 a)	8,455	2,387	10,842	37,739	(5,213)	32,526	42,046	6,155	48,201
Amortization		149	-	149	484	-	484	622	-	622
Loss before the following:		(97,090)	(2,387)	(99,477)	(385,621)	5,213	(380,408)	(577,196)	(6,155)	(583,351)
Write down of exploration and evaluation assets		-	-	-	-	-	-	(431,347)	-	(431,347)
Loss before income taxes		(97,090)	(2,387)	(99,477)	(385,621)	5,213	(380,408)	(1,008,543)	(6,155)	(1,014,698)
Provision for income taxes	10 c)	-	9,327	9,327	199,000	(164,968)	34,032	199,000	(145,093)	53,907
Net loss and comprehensive loss for the period		\$ (97,090)	6,940	\$ (90,150)	\$ (186,621)	(159,755)	\$ (346,376)	\$ (809,543)	(151,248)	\$ (960,791)

KIRRIN RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements
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10. Transition to International Financial Reporting Standards (continued):

The CAGAAP consolidated statements of cash flows for the three and nine month periods ended September 30, 2010 and year ended December 31, 2010 has been reconciled to IFRS for the same periods as follows:

	Three months ended September 30, 2010			Nine months ended September 30, 2010			Year ended December 31, 2010			
	Note	CAGAAP	Effect of transition to IFRS	IFRS	CAGAAP	Effect of transition to IFRS	IFRS	CAGAAP	Effect of transition to IFRS	IFRS
Cash flows from (used by):										
Operating activities:										
Net loss and comprehensive loss for the period		\$ (97,090)	6,940	\$ (90,150)	\$ (186,621)	(159,755)	\$ (346,376)	\$ (809,543)	(151,248)	\$ (960,791)
Add (deduct) non-cash items										
Unrealized foreign exchange gain		81	-	81	63	-	63	252	-	252
Stock based compensation	10 a)	8,455	2,387	10,842	37,739	(5,213)	32,526	42,046	6,155	48,201
Amortization		149	-	149	484	-	484	622	-	622
Provision for income taxes	10 c)	-	(9,327)	(9,327)	(199,000)	164,968	(34,032)	(199,000)	145,093	(53,907)
Write down of exploration and evaluation assets		-	-	-	-	-	-	431,347	-	431,347
Change in non-cash working capital		15,642	-	15,642	31,840	-	31,840	68,952	-	68,952
		(72,763)	-	(72,763)	(315,495)	-	(315,495)	(465,324)	-	(465,324)
Financing activities:										
Shares issued for cash		2,500	-	2,500	169,750	-	169,750	-	-	-
Warrants issued for cash		-	-	-	94,500	-	94,500	1,427,500	-	1,427,500
Share issue costs		(651)	-	(651)	(25,099)	-	(25,099)	946,500	-	946,500
Repayment of amount due to related party		-	-	-	(20,000)	-	(20,000)	(231,552)	-	(231,552)
Change in non-cash working capital		(499)	-	(499)	(34,657)	-	(34,657)	122,566	-	122,566
		1,350	-	1,350	184,494	-	184,494	2,265,014	-	2,265,014
Investing activities:										
Exploration and evaluation assets expenditures		(71,659)	-	(71,659)	(336,740)	-	(336,740)	(653,414)	-	(653,414)
Purchase of property and equipment		-	-	-	(2,323)	-	(2,323)	(2,323)	-	(2,323)
Change in non-cash working capital		(49,974)	-	(49,974)	(212,320)	-	(212,320)	33,532	-	33,532
		(121,633)	-	(121,633)	(551,383)	-	(551,383)	(622,205)	-	(622,205)
Net increase in cash and equivalents		(193,046)	-	(193,046)	(682,384)	-	(682,384)	1,177,485	-	1,177,485
Cash and equivalents at beginning of period		227,823	-	227,823	717,161	-	717,161	717,161	-	717,161
Cash and equivalents at end of period		\$ 34,777	-	\$ 34,777	\$ 34,777	-	\$ 34,777	\$ 1,894,646	-	\$ 1,894,646

KIRRIN RESOURCES INC.

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11. Subsequent events:

On October 20, 2011, the Company announced that it is proceeding with a non-brokered financing of up to 30,000,000 units by way of private placement at a purchase price of \$0.05 per unit for aggregate consideration of up to \$1,500,000. Each unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each full warrant will be exercisable into one common share at a price of \$0.10 per common share for eighteen months from the date of issuance, subject to earlier expiry in certain circumstances. The private placement is subject to all necessary regulatory approvals.

The Company was awarded a \$100,000 grant by the Government of Newfoundland and Labrador under the Mineral Incentive Program. The grant will be used for the drilling program at the Bottom Brook project scheduled to commence in November 2011.

Kirrin Resources Inc. ('Kirrin' or 'the Company') is a Canadian green energy company exploring for rare earth elements (REE) and uranium. In addition to its exploration activities, Kirrin seeks to enhance its capitalization and the quality of its portfolio by utilising its management's broad industry and international experience in the identification of suitable REE and uranium companies and green energy assets for acquisition, strategic partnership or joint venture. Its strategy is well defined: enhancing shareholder value by combining technical expertise, corporate development skills and professional management. Kirrin's shares trade on the TSX Venture Exchange under the symbol KYM. Readers are directed to the Company's web site for disclosure of business risks.

The following Management's Discussion and Analysis ('MD&A') of Kirrin's interim unaudited consolidated condensed financial statements for the nine months ended September 30, 2011 (the "Unaudited Interim Financial Statements") has been prepared as of November 25, 2011. It should be read in conjunction with the Unaudited Financial Statements and the Company's consolidated financial statements and notes thereto for the year ended December 31, 2010. The annual financial statements for the year ended December 31, 2010 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Unaudited Interim Financial Statements for the quarter ended September 30, 2011 are prepared in accordance with IAS 34 under International Financial Reporting Standards ("IFRS").

As prescribed by the CICA Accounting Standards Board, the Company adopted the requirements of IFRS in its financial statements as of January 1, 2011, including the restatement of its opening balance sheet of January 1, 2010 and its quarter ended September 30, 2011 comparatives. The restatement of the Company's comparative balances from those previously reported under Canadian GAAP to IFRS is fully explained and reconciled in Note 10 of the Unaudited Interim Financial Statements.

Information provided herein relating to 2011 and later years is based on assumptions regarding future events and results may vary. All prices are in Canadian dollars unless otherwise stated.

The Company's financial statements and other public filings can be found on SEDAR at www.sedar.com and additional information is available on the Company's web site www.kirrinresources.com.

Third Quarter Highlights

Highlights during the third quarter of 2011 include:

- Data from the 1,531 line-km. helicopter-borne survey flown in February 2011 at Key Lake Southwest ('Key Lake SW') on the southeastern edge of the Athabasca Basin and from the 1,076 line-km. airborne survey flown in 2010 was integrated and interpreted. A GIS compilation of exploration data from publicly available sources for Key Lake SW and the interpreted geophysical data was also completed.
- Radium analyses at the Alexis River uranium property located in southeastern Labrador were completed. Interpretation of the analyses points to two narrow radium anomalies, correlating well with uranium values, as drill targets within the confines of Anomaly Lake on the property.
- In September 2011, the Company announced that it has staked an additional 4,185 hectare adjacent to its Key Lake SW uranium property located on the southeastern margin of the Athabasca basin in Saskatchewan.
- Kirrin reached an agreement with Ucore Rare Metals Inc. ('Ucore') on revised terms for its acquisition of an interest in the Bottom Brook rare earth element property in Western Newfoundland. Kirrin may earn a 50% interest in the Bottom Brook property by spending \$2,045,000, revised from \$2,600,000, on exploration by December 31, 2014, revised from 2012, and making share payments to Ucore of 300,000 Kirrin shares.

The Company is presently conducting a private placement of shares. See Liquidity-Working Capital.

Kirrin Resources Inc.

Rare earth elements

The rare earth elements are 15 chemically-similar elements called lanthanides (from lanthanum, element 57, to lutetium, element 71). Commercially, REE also include scandium and yttrium which share with REE some chemical, functional and occurrent features. They are all usually soft, ductile metals, with very unique properties: catalytic, magnetic, optical and others. REE are sometimes referred to as 'industrial vitamins' as tiny quantities of them, when added to other elements, tend to confer unique properties on the latter.

Growth in demand for REE accelerated dramatically over the past five years, particularly in high-tech and green industries, and is expected to remain strong in the foreseeable future. REE are incorporated in many common high-technology products, for example, neodymium in the light magnets found in earphones, mobile phones and hard disk drives and europium in the liquid crystal displays of computers and flat-panel television sets, while fibre optic cables that power the Internet depend on erbium. REE are also used in green technology products, for example, turbines that power wind farms and exhaust converters in automobiles. Important defence applications are anti-missile defences and missile guidance systems.

It was widely acknowledged during 2010 that several REE represented critical strategic minerals, not least because 97% of global production is sourced in China, which, over the past year has implemented production and export quotas in order to preserve supplies for its own industries. As a result, the European Union, Japan and the USA all announced plans to help secure the supply of REE and other strategic minerals for their domestic industries, causing an upsurge in exploration for REE outside of China.

Uranium

The primary peaceful use of uranium is as fuel in electricity generating nuclear power plants. The potent combination of population growth, urbanisation and economic development is resulting in a sustained surge in electricity demand. The OECD/IEA forecasts electricity demand increasing twice as fast as overall energy use to 2030. Over 70% of the expected increased demand is from developing countries, led by China and India, and no fewer than 50 countries have informed the International Atomic Energy Agency (IAEA) that they are, or are considering, introducing nuclear power.

The World Nuclear Association's global upper scenario for future nuclear power generation foresees operating nuclear reactors increasing 131%, from 432 at present to 997 reactors in 2030. Plans for nuclear generation growth are relatively unaffected by the current volatile global economic environment. Since December 2009, the largest increases in announced planned and proposed new nuclear reactors are in India and China. As a result, WNA estimates of nuclear generated electricity in 2030 have increased markedly, from 573,000 MW estimated in 2003 to its current estimate of 1,003,000 MW.

Uranium production from mining meets less than 85% of demand, the supply gap being filled by nuclear utility stockpiles and the decommissioning of nuclear weapons. Stockpiles are rapidly being drawn down and nuclear weapon decommissioning is slated to end in 2013. As a result, it is predicted that by 2015 uranium supply will fall markedly short of then demand, with obvious pricing implications.

In March 2011, units 1-4 of the Fukushima Daiichi nuclear plant in Japan were seriously damaged by a tsunami subsequent to a major earthquake. The event gave rise to renewed concerns about the safety of nuclear reactors in electrical generation. While the long term impact of the event cannot yet be determined, it has caused weakness in both short and long term uranium prices although not a decrease in the number of nuclear reactors forecast to be constructed over the next 20 years.

Principal Properties

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

Kirrin Resources Inc.

KEY LAKE SW

Kirrin has an option agreement with Majesta Resources Inc. ('Majesta') allowing Kirrin to earn a 70% interest in the Key Lake SW uranium property located in northwestern Saskatchewan, by spending \$3,000,000 on exploration by December 31, 2015, making payments to Majesta of \$268,000 by December 31, 2013, and issuing 350,000 common shares to Majesta by June 30, 2010. Kirrin has met all of its obligations to date under the Key Lake SW option agreement.

The eastern margin of the Athabasca Basin is home to the most productive and highest grade uranium mines in the world with roughly 20% of current global uranium production coming from this area. Kirrin's target at Key Lake SW is basement-hosted unconformity-type uranium deposits, similar to Cameco's basement-hosted Millennium deposit which is located about 60 km to the northeast; Denison's Phoenix discovery within its Wheeler River property which is located about 60 km northeast; and the former Key Lake mine which is located about 25 km east-northeast.

During the second and third quarters, Kirrin completed a number of milestones at its Key Lake SW property. Savaria Geophysics Inc. ('Savaria') integrated the 1,531 line-km. helicopter-borne time-domain electromagnetic geophysical survey flown in February 2011 using Geotech Ltd.'s Versatile Time-Domain Electromagnetic (VTEM Plus) geophysical system with the 1,076 line-km. less detailed magnetic-electromagnetic (EM) airborne survey flown in April 2010 by Fugro Airborne Surveys Corp. and provided an interpretation of the integrated data. In summary, the 2011 airborne geophysical survey confirmed the 2010 survey results, identifying 35 geophysical targets which comprise airborne electromagnetic (AEM) conductance with, or without, associated magnetic anomalies. Over 50% of these targets are rated as High to Moderate priority for exploration follow-up for basement-hosted unconformity-type uranium deposits.

The Savaria interpretation also established that, based on a marked change in the magnetic patterns, the Wollaston-Mudjatik domains boundary may be several kilometres west from where it is shown on published government geological maps; thus Wollaston Domain may underlie the eastern portion of the Key Lake SW property. Finally, the magnetic and AEM data indicate there are outliers of geologically favourable Wollaston Domain volcanic-sedimentary rocks within the eastern part of the Mudjatik Domain which underlies the central and western parts of the Key Lake SW property. These outliers include several linear belts and zones of probable graphitic lithology based on strong AEM conductance.

Savaria recommended that follow-up ground geophysical surveys (magnetics plus either horizontal loop EM or fixed transmitter loop transient domain EM) plus other supplemental exploration be conducted at, as a minimum, the High and Moderate Priority targets. Kirrin will commence follow-up fieldwork at Key Lake SW in August 2011 with the objective of finalizing the selection of drill sites for a program during 2011/12.

GREVET

Kirrin has an option agreement with Michel Proulx to earn a 100% interest in the Grevet REE property, located in northwestern Quebec about 150 km northeast of Val-d'Or. Kirrin is required to spend \$1,850,000 on exploration, including a minimum first year commitment of \$200,000, and to make payments to M. Proulx of \$20,000, over four years. Kirrin increased the area of the Grevet REE project from 1,049 ha to 2,024 ha in June 2011 by virtue of an option agreement with Ressources Centurion Inc. and Placements Jules Boudreau Inc. Kirrin may earn a 100% interest in the expanded area by spending \$250,000 on exploration, including a minimum commitment of \$50,000 by June 30, 2013, and making payments of \$25,000 over four years. Kirrin has met all of its obligations to date under the Grevet option agreements.

Field work during 2010 focused on intensive prospecting and sampling from carbonatites and associated magnetite/siderite stockwork occurrences prospective for REE. Kirrin also completed a new geophysical interpretation of the merged and integrated 2001, 2002 and 2010 ground magnetic data at Grevet and a geological integration of the interpreted geophysical targets with all prior exploration data.

Kirrin's 2011 exploration program included follow-up prospecting, detailed geological mapping, plus soil and rock geochemical sampling, and magnetometer surveying, all focused on the 15 targets identified in 2010, as well as additional areas deemed appropriate. A total of 90 geochemical soil samples were collected from the Ah (organic humus) soil horizon along five selected grid lines that cross the inferred

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carbonatite body in the southeast of the property. 90 soil samples were collected from the same sites for possible mobile metal ion (MMI) analysis. A total of 92 rock samples (mainly channel or chips, plus a few grabs) were collected at carbonatite showings that had been insufficiently sampled in 2010. Magnetometer surveying was completed over two areas, totalling 11.15 line-km. Geological mapping was carried out over the main zone carbonatite magnetometer grid and at and near the carbonatite zone that had produced the sample with 14.08% LREO.

Kirrin also retained Abitibi Geophysics Inc. of Val-d'Or, Quebec, to complete a gravity survey comprising 3.4 line kilometres, with readings at 25-metre station intervals, across an overburdened covered area that may be underlain by a large carbonatite body.

While the results from the 2011 program are still under review, several conclusions may be drawn. To date, some 143 showings of REE-bearing carbonatite, magnetite, carbonatite plus magnetite or fenitized alteration zones have been recognized within the Grevet property. These include at least 14 showings that have produced rock channel, chip or grab samples that have assayed from greater than (>) 1.0% up to 20.4% TREO. Five of these showings have produced rock samples containing >10.0% TREO. In general, LREO comprises about 99.2% of TREO. Several drillable targets already exist, including testing the inferred carbonatite at the southeast part of the property and several of the high TREO showings in the northwest. In total, it is estimated that about 3,000 m of drilling is warranted in about 20 diamond drill holes.

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 Terrain of the Eastern Grenville Province, which are potential hosts for uranium mineralization. Kirrin may earn a minimum 60%, maximum 100% 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'). Kirrin has met all of its obligations to date under the Alexis River option agreement.

The lake sediment sample results for uranium within Anomaly Lake 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 Kirrin's exploration is 2,370 ppm U, or 0.28% U₃O₈.

The best intercepts from Kirrin's drill program are (a) 0.754% U₃O₈ across 0.2 m from 58.9 m to 59.1 m core length, plus a second intercept of 0.069% U₃O₈ across 2.0 m from 83.0 m to 85.0 m core length, and (b) 0.188% U₃O₈ 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% U₃O₈ 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. However, these narrow, relatively localized uranium intercepts are not likely to be the cause or source of the highly anomalous uranium in lake sediment at Anomaly Lake.

Kirrin recently completed a radionuclide study of selected sediment samples from Anomaly Lake. The interpretation of the results concluded that a high grade uranium source likely exists in either the rocks immediately beneath or adjacent Anomaly Lake, and both uranium and radium were leached from this source and transported hydromorphically along a structure passing through Anomaly Lake. The elevated uranium values show a single large anomaly parallel to and occupying much of the centre part of Anomaly Lake. In contrast, although the higher radium values occupy roughly the same area as the uranium anomaly, the radium anomaly is split in two along the middle, forming two long narrow anomalies. The easternmost anomaly is the larger of the two and extends for about 400 metres.

BOTTOM BROOK

Kirrin and Ucore Rare Metals Inc. ('Ucore') revised the option agreement pertaining to Bottom Brook in September. Kirrin may now earn a minimum 50%, maximum 65% interest over six years, is required to spend \$2,045,000 on exploration and to issue 300,000 shares to Ucore. Kirrin has met all of its obligations to date under the Bottom Brook/Lost Pond option agreement.

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Drilling by Ucore in 2007 on selected REE targets pointed to high grade REE mineralization. Kirrin drilled ten holes in December 2008 and the highest grade achieved from the aggregate drill programs was 15.04% total TREO over 0.3 m core length. Examples of wider intervals are 4.47% total TREO over 5.64 m core length, 4.32% total TREO over 2.0 m core length, and 1.16% total TREO over 15.3 m core length.

Kirrin re-evaluated the REE potential at Bottom Brook during 2009 and the results of the subsequent exploration program exceeded expectations. There are now nine REE targets at Bottom Brook and the best result from the latest assays shows 10.04% TREO in rock grab samples, which includes individual assays of 4.13% Ce₂O₃ (cerium oxide), 2.22% La₂O₃ (lanthanum oxide) and 1.88% Nd₂O₃ (neodymium oxide). A follow-up program of ground magnetics and geochemistry is planned, to be followed by trenching and/or drilling on the discrete magnetic targets that have been found to be associated with the REE-bearing zones.

LOST POND

This project shares the same option agreement and land area in western Newfoundland as the Bottom Brook REE project. The results of the 2010 drilling program failed to identify the required increase in uranium grade at depth. The Company has concluded that no further work on the uranium zone is warranted at this time and has written off the carrying value of Lost Pond at December 31, 2010 amounting to \$431,000.

Properties Analysis

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

Property	December 31, 2010	Incurred during the period ended September 30, 2011	Expensed, amortized, disposed of or written down in 2011	September 30, 2011
Alexis River	\$ 763,200	\$ 22,600	\$ -	\$ 785,800
Lost Pond	385,500	(300)	-	385,200
Key Lake SW	263,100	632,000	-	895,100
Grevet	230,200	238,500	-	468,700
Projects under review	-	36,500	(36,500)	-
Office equipment	<u>1,700</u>	<u>1,900</u>	<u>(500)</u>	<u>3,100</u>
Total	\$ <u>1,643,700</u>	\$ <u>931,200</u>	\$ <u>(37,000)</u>	\$ <u>2,537,900</u>

Results of Operations

Operations

The Company's operations are at the exploration stage and 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 Company focused on implementing its 2011 exploration plans during the third quarter, details of which are provided above under 'Properties'.

One of the Company's objectives remains the enhancement of its capitalization and the quality of its portfolio by utilising its management's broad industry and international experience in the identification of suitable rare earth elements and uranium companies and green energy assets for acquisition, merger, strategic partnership or joint venture. Several opportunities were reviewed during the second quarter and the outcome of some of these remains to be determined.

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General and Administration Expenses

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Salaries and benefits	\$ 28,575	\$ 26,918	\$ 83,381	\$ 82,508
Financial administration	32,525	22,558	104,881	79,910
Audit	400	10,000	20,400	36,400
Legal	13,246	387	16,091	5,888
Investor relations	48,567	17,956	154,053	84,282
General office and miscellaneous	5,696	4,581	22,567	19,670
Travel and marketing	6,600	5,235	50,818	20,551
Interest income	(1,707)	(-)	(8,629)	(30)
Total	\$ 133,902	\$ 87,635	\$ 443,562	\$ 329,179

General and administration expenses increased 35% or \$114,383 over 2010. Of this, \$69,771 is due to the expanded IR program, including greater outreach to investors, substantial efforts to expand the Company's retail investor following and an increased number of investor presentations. The IR program and its benefits are subject to regular management review. Financial and administration costs increased by \$24,971 mostly as a result of work on the implementation of IFRS as well as generally greater exploration activity with corresponding management and administration. Travel and marketing costs increased by \$30,267, as part of executive support for the IR program, as a result of the diverse geographic location within Canada of the Company's exploration projects and partly due to travel related to research into new projects.

Summary of Quarterly Results

Quarterly results are unaudited.

(All figures are in \$ except share numbers)

	Three months ended							
	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Exploration and Project development	8,938	23,055	839	16,406	851	3,263	14,105	745
Amortization	248	118	128	138	149	161	174	-
Loss for the period	170,350	176,007	139,684	614,415	90,150	115,459	140,767	786,119
Working capital	(21,692)	349,084	675,544	1,335,347	(154,146)	4,150	280,409	303,164
Exploration and evaluation assets	2,534,880	2,174,972	1,996,461	1,642,010	1,867,522	1,794,024	1,507,552	1,428,943
Equipment	3,066	1,456	1,574	1,701	1,839	1,988	2,149	-
Total assets	2,918,192	3,080,427	3,289,647	3,673,022	1,930,993	2,053,325	2,066,044	2,312,870
Shareholders' equity	2,316,254	2,415,512	2,563,579	2,674,058	1,493,501	1,570,960	1,633,025	1,622,107
Shares outstanding (1)	46,484,930	46,434,930	46,268,263	46,268,263	22,793,263	22,743,263	22,393,263	20,599,673
Net loss per share basic and diluted	0.00	0.01	0.00	0.02	0.01	0.00	0.00	0.06

- Quarterly information has been conformed to year end presentation.
- No dividends have ever been paid.
- The above information has been summarized from the consolidated financial statements of the Company prepared in accordance with accounting principles generally accepted in Canada, being IFRS commencing January 1, 2011. Comparative quarterly results have not been adjusted for IFRS for period prior to January 1, 2010

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4. 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 September 30, 2011, the Company had negative working capital of \$21,692 (December 31, 2010 – positive \$1,335,347). This includes a deferred tax liability of \$85,000 which would be satisfied upon the Company expending the remaining required \$656,000 of its flow through expenditure obligations. 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 financial resources. The Company continues to face difficult capital market conditions. It is presently conducting a private placement of shares and failure to satisfactorily complete this financing could cause the Company to re-examine its business plan and, potentially, have adverse consequences for the future.

Amount due to related party

The President of the Company is owed \$200,000 (December 31, 2010 - \$250,000) in respect of accumulated remuneration. \$200,000 (December 31, 2010 - \$110,000) has been recorded as long term as the President has agreed not to request repayment of this amount before October 2012. The balance is recorded in accounts payable and accrued liabilities.

Stock Options

On January 26, 2011, the Company granted options over 1,755,000 common shares at an exercise price of \$0.13 each to directors and consultants. The options will vest 25% annually and expire on January 27, 2016.

Off Balance Sheet Arrangements

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

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 to 'Kirrin Resources Inc.' and the consolidation of the share capital 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.

Outlook

Kirrin's expertise lies in project selection, exploration planning, implementation and evaluation. The quality of the portfolio was enhanced during the third quarter through positive results at Alexis River, Grevet and Key Lake SW. Nonetheless, Kirrin faces challenges in relation to financing generally. Extreme volatility in the global financial markets during 2011 directly effects market sentiment and investor interest. The S&P/TSX Venture Composite Index declined 22% from January to September 2011. Structural imbalances in the Eurozone have created instability across a broad swathe of financial institutions. Uranium exploration stocks remain generally out of favor following the Fukushima nuclear plant disaster and REE stocks have been buffeted by volatile product prices. Despite encouraging results from programs, there can be no assurance that Kirrin will be successful in raising additional capital to expand or even maintain operations.

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Transactions with Related Parties

There were no significant transactions with related parties excepting the debt arrangements referred to in 'Liquidity'. However, Included in general and administrative expense is \$46,381 (2010 - \$21,352), of which \$4,228 (December 31, 2010 - \$14,254) is included in accounts payable and accrued liabilities, in respect of financial services paid to a company controlled by the Chief Financial Officer of the Company.

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, amortization, write down of exploration and evaluation assets, 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 exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

IFRS Implementation - Changes in Accounting Policies Including Initial Adoption

The Canadian Accounting Standards Board established 2011 as the year that Canadian companies' financial reporting requirements should comply with International Financial Reporting Standards ('IFRS'). Accordingly, the Company has commenced reporting on an IFRS basis in the current interim financial statements. The transition date, January 1, 2011, has required the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has completed its internal review of the impact of the adoption of IFRS. This considered potential differences between applicable IFRS policies and those currently used by the Company. Accounting policy changes were made due to IFRS in the areas of exploration and evaluation assets impairment testing, asset retirement obligations, stock based compensation, exploration expenses and flow-through shares. Available elections under IFRS minimized the impact of these changes such that the financial reporting impact of the transition to IFRS is not material to the Company's financial results. The impact of the changes to IFRS is detailed in Note 10 to the consolidated interim financial statements and none of these are considered material.

Financial Instruments and Other Instruments

The Company's exposure to financial risk factors is minimal and is detailed in Note 7 to the consolidated interim 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 prices may influence investors and thus impact the outcome of the Company's future equity financings. The Company considers that supply and demand fundamentals for uranium remain strong. REE 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 public disclosure are affected by limited segregation of duties. To mitigate potential control weaknesses, the Chief Executive Officer ('CEO') is actively involved in the day to day business of the Company, the CEO and Chief Financial Officer ('CFO') jointly review all payments, and the Company has implemented accounting data review procedures to assist the integrity of reports. It is not economically feasible, at the Company's current

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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 the required technical 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: the integral role of the CEO in day to day operations provides a direct connection to source data, the review and approval by the Board of all material transactions and the use of accounting data review procedures, all provide a further level of assurance. Kirrin has no plans to remediate the above weaknesses which are linked with its current size and nature of operations.

Other Matters

Investor Relations

The investor relations program is aimed at investor communications and interaction with the financial community in Canada and Europe. CHF Investor Relations is the Company's primary investor relations counsel in Canada. Investment Connections of Versoix, Switzerland, is the Company's primary 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. In Canada, Kirrin has also engaged DIG Media to include the Company's activities in its publications Rare Earth Investing News and Uranium Investing News and, in Europe, Kirrin has engaged Marino Pieterse to include those activities in his publications Uraniumletter International and Rare Earth Elements Letter. In prior periods, CHF Investor Relations and Pieterse were granted options to acquire an aggregate of 260,000 shares in the Company.

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 September 30, 2011 and November 24, 2011 was:

	September 30, 2011	November 24, 2011
Issued and outstanding common shares	46,484,930	46,484,930
Warrants outstanding	18,725,171	17,695,171
Options and other finder's warrants outstanding (Note 1)	4,424,742	4,424,742

Note 1: 568,492 broker options entitle the holder to acquire 568,492 common shares as well as 568,492 warrants. The warrants are exercisable to acquire 568,492 common shares, which are not included in the above table as the options have not been exercised.

Business Risks

Exploration of resource properties involves a 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 and success will depend on the expertise of its technical management. The Company competes with others possessing greater financial resources for both properties and personnel. Kirrin does not generate positive cash flow, has limited financial resources and must raise additional capital to implement its programs. The state of the capital markets remains challenging. There can be no assurance that the Company will be successful in raising additional capital to maintain operations.

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