

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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January 27, 2010

OVERVIEW

This management's discussion and analysis ("MD&A") covers the operations of Tournigan Energy Ltd. (the "Company" or "Tournigan") for the year ended September 30, 2009 and subsequent activity up to January 27, 2010. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The following discussion should be read in conjunction with the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as at September 30, 2009 and 2008.

Additional information related to the Company is available for view on SEDAR at www.sedar.com, on EDGAR at www.sec.gov/edgar.shtml, on the Company's website at www.tournigan.com, or by requesting further information from the Company.

DESCRIPTION OF BUSINESS

Tournigan's principal business activity is the sourcing, exploration and development of uranium mineral exploration properties in Slovakia.

Tournigan is a reporting issuer in British Columbia, Alberta, Ontario and Yukon, Canada and trades as a Tier 1 issuer on the TSX Venture Exchange under the trading symbol "TVC" and on the Frankfurt Stock Exchange under the trading symbol "TGP".

RESULTS OF CONTINUED OPERATIONS

In 2008 the Company made the decision to focus its mineral exploration activities in Europe and arranged the disposal of Tournigan USA Inc. In 2009, the Company decided to further focus its mineral exploration activities to uranium in Slovakia and completed the sale of Dalradian Gold Limited and arranged for the sale of Kremnica Gold s.r.o and Kremnica Gold Mining s.r.o. The Company made the decision to abandon its property investigation activities and subsidiary in the Ukraine. The Company has treated these disposals as discontinued operations as the Company is now focused on mineral exploration and development of its uranium mineral properties in Slovakia and has discontinued its operations for uranium exploration in the United States and gold exploration in Northern Ireland and Slovakia.

The Company's flagship uranium project in Slovakia is the Kuriskova project. During the year ended September 30, 2009 and to January 27, 2010 the Company has focussed on progressing its flagship uranium project in Slovakia through the steps to the feasibility stage, and if justified, to production. The Kuriskova uranium deposit currently hosts an NI 43-101 compliant resource of 14.65 million pounds U_3O_8 indicated at 0.558% U_3O_8 and 17.90 million pounds inferred at 0.215% U_3O_8 using a cut-off of 0.05%U (SRK Consulting US, Feb. 2009).

More details on the work conducted in the year are discussed below.

The next most advanced uranium project in Slovakia is Novoveska Huta, which has a historical resource based on Slovak standards of 19,970,000 pounds of U_3O_8 in 12.0 million tonnes of material with an average grade of 0.075% U_3O_8 . The Company had planned to complete an initial resource estimate to Canadian National Instrument 43-101 in 2009 however the Company has decided to defer this pending a review of the geology of the deposit. The Company believes that there is potential to improve the grade of the deposit with further exploration and will likely defer a resource update until this potential has been investigated.

In the Spisska Teplica exploration licence, the Svabovce and Spissky Stiavnik uranium properties have historical resources based on Slovak standards of 7,350,000 pounds of U_3O_8 in 1,489,000 tonnes of

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

material with an average grade of 0.224% U₃O₈ and 1,300,000 pounds of U₃O₈ in 294,000 tonnes of material with an average grade of 0.20% U₃O₈, respectively.

The historical estimates for Novoveska Huta, Svabovce and the Spissky Stiavnik were prepared by Uranovy Prieskum in 1985, 1968 and 1970, respectively and are classified as a combination of P and Z-3 under the Slovak system, which is roughly analogous to the CIM definition for Inferred Resources. The Company has reviewed the above historical resource estimates and views them relevant. The historic exploitation of Slovak deposits in general and metallurgical test records acquired with the Company's deposits in particular suggests the reliability of the historical resource estimates. However, the Company has not done the work necessary to verify the classification of the resources and the resources are not classified according to the Canadian Institute of Mining, Metallurgy and Petroleum's Standards on Mineral Resources and Reserves Definitions. Investors are cautioned not to rely upon these estimates.

Uranium metal (U) grades were converted to uranium oxide (U₃O₈) grades using a factor of 1.17.

URANIUM – KURISKOVA, SLOVAKIA (100% interest)

On **February 24, 2009** Tournigan announced an updated resource estimate for its Kuriskova uranium deposit which more than doubles the amount of uranium contained in the indicated resource and significantly increases the grade of the indicated resource. SRK Consulting (U.S.), Inc. has reviewed and audited the updated resource estimate.

Highlights:

- Tournigan's 2008 infill drilling moved 8,084,000 pounds of U₃O₈ from the inferred resource category to the better defined and more confident indicated category
- The grade of indicated resource increased by 28% from 0.435% U₃O₈ to 0.558% U₃O₈
- The infill drilling demonstrated the presence of a high grade zone of uranium mineralization which remains open along both strike and dip
- The estimate includes 3,261,000 pounds of molybdenum as a potential by-product (see table below)

The tight geological constraints that were used to model the indicated high-grade resource provide a high level of confidence in this zone while leading to a modest reduction in the number of pounds of uranium remaining in the inferred category. Exploration in or near this zone could replace or increase these pounds at a higher grade. There is also potential for further exploration drilling to increase the overall size of the deposit and for additional infill drilling to upgrade a significant additional portion of the current inferred resource to the indicated category.

The results of our recent infill drilling program which led to such a dramatic increase in both size and grade of the indicated uranium resource bodes well for the possibility of further increasing the size and quality of the deposit. This recent program was restricted to infill drilling in order to upgrade the quality of the resource as we advance Kuriskova toward feasibility.

There remains great exploration upside both immediately adjacent to the Kuriskova resource and in the surrounding ground controlled by Tournigan. Our current estimated grade of 0.558% U₃O₈ compares extremely favorably with most other uranium projects currently under development with grades in the order of 0.1% to 0.2% U₃O₈. This estimate also demonstrates the presence of a significant amount of molybdenum which could represent a by-product credit. The resource estimate includes only molybdenum contained within the uranium resource.

TOURNIGAN ENERGY LTD. 2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current Resource:

Kuriskova Resource Estimate February 2009 (SRK) – Cut-off 0.05%U *							
	U%	Tonnes (000)	%U ₃ O ₈	U ₃ O ₈ lbs (000)	Mo%	Tonnes (000)	Mo lbs (000)
Total Indicated (Main zone)	0.473	1,191	0.558	14,654			
Total Inferred (Main and HW zones)	0.182	3,780	0.215	17,901	0.030	4,897	3,261

* Mo resource numbers represent Mo associated with Uranium resource blocks above a 0.05%U cutoff

Previous Resource:

Kuriskova Resource Estimate July 2008 (SRK) – Cut-off 0.05%U				
Classification	U%	Tonnes (000)	U ₃ O ₈ %	U ₃ O ₈ lbs (000)
Indicated	0.369	685	0.435	6,570
Inferred	0.254	4,568	0.299	30,131

A complete table of the resource estimate prepared by Tournigan and reviewed, audited and approved by SRK can be found by visiting Tournigan's web site from this link: <http://www.tournigan.com/i/pdf/KuriskovaResourceFeb09AppendixA.pdf>.

A longitudinal projection showing drill hole locations and interval grades can be viewed from this link: <http://www.tournigan.com/i/pdf/KuriskovaVLP.pdf>.

The updated estimate incorporates the results of 23 diamond drill holes totaling 9,267 metres that were drilled since the last resource estimate previously disclosed in a news release dated July 16, 2008. The estimate was prepared by Ravi Sharma, Tournigan's manager of resources and reserves, under the supervision of SRK, who prepared an NI 43-101 Technical Report filed on SEDAR. Allan V. Moran, principal geologist and Frank Daviess, principal resource geologist, who reviewed, audited and approved the current resource estimate are both with SRK and are independent Qualified Persons as defined by NI 43-101.

Interpretation and outlining of mineralization was conducted section-by-section by incorporating geological, structural and assay information for each geological domain and by snapping points for hanging wall and footwall contact while performing section interpretation. Triangulations of outlines between sections were done to create 3D wireframe solids for each geological domain using Datamine Studio 3 software. Interpolation of grade to populate the block model within domain wireframes was carried out using inverse distance cubed methods and a dynamic anisotropy search option. The 3D wireframe solids of the previous resource estimate dated July 16, 2008 were updated with infill holes for the Main Zone and were reviewed by SRK. Interpolation and NI 43-101 compliant resource classification parameters were developed by SRK.

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

On **July 24, 2009**, the Company posted on SEDAR the NI 43-101 Preliminary Assessment (Scoping Study) prepared by its independent third party consultant, Pincock, Allen and Holt (PAH) of Lakewood, Colorado, on the Kuriskova deposit. Results of this Preliminary Assessment are summarized in the following table:

Description	Units	
Mine Life	Years	15
Uranium Production (Average First 5 Years)	000 lbs U ₃ O ₈ /Year	2,395
Uranium Production (Average Life of Mine)	000 lbs U ₃ O ₈ /Year	1,382
Uranium Recovery	%	90
Uranium Price	US\$/lb U ₃ O ₈	65.00
Initial Capital Investments (1)	US\$ millions	168
Operating Cost - First 5 Years (2)	US\$/lb U ₃ O ₈	17
Operating Cost (Average Life of Mine) (2)	US\$/lb U ₃ O ₈	32
Estimated Royalty Payment (Average Life of Mine)	US\$/lb U ₃ O ₈	3
Net Present Value @ 12% (3)	US\$ millions	135
Payback Period	Years	5.6
Internal Rate of Return (3)	%	35.8

(1) Includes 30% contingency.

(3) Pre-tax.

Preliminary metallurgical test work confirmed that a uranium recovery of 90% is achievable. Preliminary information obtained to date indicates that a conventional autoclave alkaline leach producing uranium oxide and molybdenum concentrate products will be preferable in terms of project economics to the flotation and leach process initially planned and reported in the June 25, 2009 news release. Process flow sheet is subject to change and optimization as further test work is completed.

On **October 19, 2009** the Company announced that it awarded Tetra Tech, Inc. of Golden, Colorado a contract for the preparation of an NI 43-101 compliant prefeasibility study of the Kuriskova uranium deposit. The work began immediately and dependent on funding is expected to be completed in 2010. Tetra Tech is a full service consulting and engineering company to the mining industry with 10,000 employees and 250 offices worldwide.

As part of the prefeasibility study, Tournigan initiated a 5,000-metre drill program of step-out and infill drilling intended to expand and upgrade the Kuriskova uranium resource. The Kuriskova uranium deposit currently hosts an NI 43-101 compliant resource of 14.65 million pounds U₃O₈ indicated at 0.558% U₃O₈ and 17.90 million pounds inferred at 0.215% U₃O₈ using a cut-off of 0.05%U (SRK Consulting US, Feb. 2009).

The initial drill program will help define and plan subsequent drilling to be done in the fourth quarter of 2009 and early 2010. Additionally, the program includes drill holes for geotechnical and hydrological data collection. The complete program will total over 15,000 metres.

The study will also incorporate metallurgical testing of representative Kuriskova samples to optimize the recovery of uranium and molybdenum as a by-product.

The results of the studies will provide insight into a mine plan, infrastructure requirements and processing plant flow-sheet design for Kuriskova. It will also provide a basis for determining reserves, capital and

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

operating costs, project economics and will address the environmental and permitting aspects of the project.

On **November 3, 2009**, the Company announced that it has completed its initial phase of metallurgical testing for the Kuriskova project. The test program was conducted on drill core samples representative of the mineralization and was performed at the Resource Development, Inc. (RDI) laboratory facilities in Wheatridge, Colorado.

The test results indicate that over 90 percent of the uranium and molybdenum can be recovered by pressure oxidation using a whole ore leach process in an alkaline (carbonate) media at a grind size of P₈₀ 150 mesh. This process represents a conventional technology used in the US and other countries for the treatment of uranium ores. The predominant uranium minerals are uraninite and coffinite. Additional test work is planned during the ongoing prefeasibility study to optimize the process parameters.

Dr. Deepak Malhotra, Ph. D, president and principal of Resource Development, Inc., is an Independent Qualified Person under the standards of NI 43-101 and has reviewed and approved the technical disclosure contained in this MD&A.

The 2009/2010 drill program is ongoing.

The results of the first seven drill holes were announced on November 9, 2009. Results of two additional holes were announced on November 23, 2009 and results of eight more holes were announced on January 14, 2010. Two holes were abandoned at shallow depths due to technical difficulties. The 17 holes (excluding two abandoned holes) announced to date total 5,298 metres of a planned 15,000 metre program. The drilling will provide additional data for a prefeasibility study expected to be completed later this year.

The infill and step out drilling continues to return significantly high grades of uranium oxide and demonstrate the continuity of high grade uranium mineralization in the northern part of the deposit. We now have a better understanding of the hanging wall mineralization in the central part of the deposit with the possibility of upgrading this mineralization to the indicated category.

Results so far lead to the expectation that the drilling will upgrade the resource in the northern as well as central (hanging wall) part of the deposit by moving more pounds of uranium into the indicated resource category at higher grade than the current inferred resource.

Project Upside

Tournigan believes that the Kuriskova property has excellent upside potential for expanding the size and overall grade of the deposit through continuing exploration.

In addition to targets immediately adjacent to the defined resource, recently completed ground radiometric and radon gas-in-soil surveys indicate the presence of anomalies extending up to 300 meters northwest and 200 meters southeast of the currently defined resource. Further interpretation of these new survey results may lead to identification of drill targets with potential to increase the size of the Kuriskova deposit or indicate the presence of satellite deposits.

The Preliminary Assessment projects a nominal mining rate of 750-800 tonnes of mineralized material per day using the underhand cut and fill mining method with paste backfill. As further geotechnical and hydrogeological data for the project area are obtained, it may be possible to modify the mining method and increase the daily production rate and lower mining operating costs. Exploration success may add to the size and overall grade of the deposit which could also contribute to a higher production rate and lower unit mining costs.

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other areas of upside for the project include: (1) reducing the project's preproduction period and possibly construction capital cost, and (2) optimizing the process plant flowsheet and associated operating costs.

Pending funding, our plans are to complete a pre-feasibility study in 2010.

DISCONTINUED OPERATIONS

As stated earlier, in 2008 the Company has discontinued operations for uranium exploration in the United States and gold exploration in Northern Ireland and Slovakia.

The effect of the sale of these discontinued operations provides the Company with cash from the proceeds of sale to conduct exploration on its continued operation projects in Slovakia but also relieves the Company from the significant cost to maintain the underlying projects held by each of the subsidiaries.

Disposal of Tournigan USA Inc. ("TUSA") – On February 23, 2009 the Company completed the sale of its wholly-owned subsidiary TUSA to Fischer-Watt Gold Company, Inc. ("Fischer-Watt"). The Company retained a 30% carried interest in respect of each TUSA property up to the completion of a feasibility study for any project encompassing any such property (a "Project"). Upon completion of a feasibility study, the Company's carried interest in respect of such Project will convert into a 30% working interest in the Project or the Company will have the option to dilute down to a 5% net profits interest.

On closing, Fischer-Watt delivered to the Company a promissory note in the amount of US\$325,327, including the closing date working capital adjustment (the "Promissory Note"). By negotiation the Promissory Note was reduced to \$107,070 (US\$100,000) which amount is included in accounts receivable at September 30, 2009 and was subsequently received.

Fischer-Watt secured the release of US\$530,000 of TUSA's reclamation bonds in Wyoming of which \$107,070 (US\$100,000) is included in accounts receivable at September 30, 2009 and was subsequently received. By agreement the remaining \$460,401 (US\$430,000) will be paid from one-half of the net proceeds of all future equity share issues of Fischer-Watt until paid which is included in Due from Related Party.

Fischer-Watt will secure the release of the remaining US\$400,000 of TUSA's reclamation bonds in Arizona less any applicable reclamation costs which at September 30, 2008 had been estimated at US\$52,000 for an estimated net amount of \$372,604 (US\$348,000) which is due to be paid to the Company by September 30, 2010 and which is included in Due from Related Party.

Fischer-Watt is a Nevada-incorporated mineral exploration and development company. The Chairman, President and CEO of Fischer-Watt is Mr. Peter Bojtos, who is a director of the Company. The TSX-V approved this related party transaction.

Disposal of Dalradian Gold Limited ("Dalradian Gold") – On September 28, 2009 the Company completed the sale of its wholly-owned subsidiary Dalradian Gold to SA Resources, Ltd. ("SA Resources"). The Curraghinalt gold project owned by Dalradian Gold was previously the subject of an option agreement (the "Option Agreement") with C3 Resources Inc. ("C3 Resources"). On March 30, 2009, C3 Resources assigned its rights under the option agreement to SA Resources. The Company was paid \$1,000,000 pursuant to the Option Agreement. On September 28, 2009, SA Resources completed the purchase of all of the shares of Dalradian Gold for proceeds of \$5,500,000 which amount is included in accounts receivable at September 30, 2009. In addition, SA Resources owed the Company \$61,558 for reimbursement of Dalradian Gold operating costs, all of which was collected by December 31, 2009.

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Disposal of Kremnica Gold s.r.o and Kremnica Gold Mining s.r.o. ("Kremnica Shares") - On June 7, 2009, the Company executed an option agreement (the "Option Agreement") with Ortac Resources plc ("Ortac") of London, England. The Option Agreement granted Ortac the sole and exclusive right and option to acquire, in four stages, up to an undivided 100% right, title and interest in and to the Kremnica Gold project owned by Kremnica Gold s.r.o and Kremnica Gold Mining s.r.o. by completing milestones and payments to the Company in cash or common shares of Ortac and granting to the Company a capped 2% net smelter return royalty (NSR) on gold and silver production from the Kremnica Gold project subject to buy-down provisions. Subsequent to the Option Agreement being negotiated and executed, Dorian Nicol, the Company's president was appointed to the board of directors of Ortac as the Company's representative.

On January 27, 2010, the Company and Ortac executed a share purchase agreement ("Share Purchase Agreement") which supersedes the Option Agreement. Ortac had earned 20% of the Kremnica Shares by completion of the first milestone pursuant to the Option Agreement. Pursuant to the Share Purchase Agreement Ortac will purchase and take possession of 80% of the Kremnica Shares on closing the amendment agreement for consideration of US\$2 million to be paid in a combination of US\$100,000 cash on the transfer of the shares of the Kremnica Shares to Ortac and delivery of a US\$1,900,000 non-interest bearing promissory note (the "Promissory Note"), secured by all the assets of Ortac, that will be due for settlement upon Ortac completing a public listing ("IPO") during 2010. The Promissory Note will be paid as US\$550,000 in cash and US\$1,350,000 in Ortac shares to the equivalent cash value. The cash component will be paid from IPO proceeds and the shares will be issued at the IPO price. If Ortac cannot pay the Promissory Note in 2010 it will have an extension of time to 2011 providing it pays the Company 50% of the net proceeds of all equity issues in 2011 until the Promissory Note is paid.

In addition, within 60 days of all required permits having been obtained to permit commercial production at the Kremnica property, Ortac will pay the Company US\$3,750,000 cash or in Ortac shares to the equivalent cash value being \$15.00 per ounce of the first 250,000 ounces of gold equivalent (gold plus silver) resource defined as proven and probable reserve in the bankable feasibility study. Ortac will grant the Company a 2% net smelter return ("NSR") royalty on gold and silver production from the Kremnica property as currently comprised which includes three exploration licenses to a limit of the first 1 million ounces produced after which it will reduce to a 1% NSR royalty on the next million ounces, after which it will extinguish.

Ortac may buy 1% of the 2% NSR royalty granted to the Company at any time by paying the Company US\$1 million cash. Mr. Nicol was not involved in the negotiations with Ortac and as a director of each company, he did not vote on approving the renegotiated terms.

The division between cash and Ortac shares issued to the equivalent cash value is in both cases conditional upon the Company not owning more than 19.9% of the issued and outstanding shares of Ortac after the issuance of the shares to the Company.

Ortac owed the Company \$62,436 at September 30, 2009 for reimbursement of Kremnica operating expenses which were collected subsequently.

Wind-up of Tournigan Resources Ukraine Ltd. ("TVC Ukraine") – The Company organized TVC Ukraine in 2007 for the purpose of holding mineral property interests acquired in the Ukraine. The Company retained one full time consultant to conduct property investigations in that country. The Company has decided to abandon its exploration efforts in the Ukraine. It will liquidate TVC Ukraine with the Ukrainian authorities.

QUALIFIED PERSON

The Company's President and Chief Executive Officer, Dorian L. (Dusty) Nicol, B.Sc. Geo, MA Geo, a Qualified Person as defined by NI 43-101, has reviewed and approved the exploration information and

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

resource and reserve disclosures contained in this MD&A.

SHAREHOLDERS RIGHTS PLAN

The directors of the Company approved the adoption of a renewal shareholder rights plan, dated March 2, 2009 (the "Rights Plan") which was ratified by the Company's shareholders on April 6, 2009. The Rights Plan is intended to ensure that all shareholders of the Company are treated fairly in any transaction involving a potential change of control of the Company. The rights become exercisable only when a person or party acquires or announces its intention to acquire 20% or more of the outstanding shares of the Company without complying with certain provisions of the Rights Plan. Each right would entitle each holder of common shares (other than the acquiring person or party) to purchase additional common shares of the Company at a 50% discount to the market price at the time. Unless otherwise terminated, the Rights Plan will expire on the date immediately after the Company's annual meeting of shareholders to be held in 2012.

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

Continuing operations

As noted above, the Company is now focused on mineral exploration and development of its uranium mineral properties in Slovakia and has discontinued its operations for uranium exploration in the United States and gold exploration in Northern Ireland and Slovakia.

For the year ended September 30, 2009 the Company incurred a net loss from continuing operations of \$4,064,179 or \$0.03 per share, a decrease of \$1,713,861 from the year ended September 30, 2008 net loss from continuing operations of \$5,778,040 and a decrease of \$2,168,692 from the 13 months ended September 30, 2007 net loss from operations of \$6,232,871.

In December 2008, the Company made the decision to outsource its administrative, financial reporting and corporate compliance services to Golden Oak Corporate Services Ltd. ("Golden Oak"). The Company closed its Vancouver office and paid five terminated head office employees \$366,625 severance. In addition to Golden Oak, the Company has two full time Denver based executives and one full time Vancouver based Investor Relations manager. All other employees of the Company are employed in Slovakia. The Company does not expect to increase staffing in the fiscal year 2010.

On May 29, 2009, in exchange for a payment of \$183,293 to the landlord, the Company surrendered the lease to the landlord and the Company was released from all remaining obligations of the remainder of the 40 month lease. The security deposit of \$18,101 and commissions of \$33,385 added to the total cost of surrender. The Company reached agreement with an incoming tenant to rent its furniture and fixtures for a 40 month term with an option to purchase for fair value to be determined at that time. The rent for the furniture and fixtures is deemed to be received as a part of the negotiations to secure a new tenant and have the Company released from the lease. The Company wrote off \$68,807 of the unamortized leasehold improvements made to that space.

Golden Oak works from its office in White Rock and the Company rents a small office in Vancouver for our Investor Relations manager and two offices in Denver for our two US based executives.

Employee salaries and fees to directors and contractors were reduced to \$1,694,877 for the year ended September 30, 2009 (2008 - \$2,505,883; 2007 - \$2,226,802) inclusive of the severance costs discussed above.

Employee and director stock options are measured at their fair value on the grant date and recognized over the vesting period. Non-employee stock options issued to contractors and consultants are measured at their fair value on date of vesting. Prior to vesting, non-employee stock options are recognized based on the service provided to the reporting date and then-current fair values, which are correlated to changes in the Company's stock price and its volatility. The costs of stock-based

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

compensation are allocated between the statement of loss as stock-based compensation expense and the balance sheet as capitalized exploration property costs. Stock based compensation expense of \$504,261 is net of forfeitures for the year ended September 30, 2009 (2008 - \$1,580,455; 2007 - \$2,813,566) is a non cash charge for the estimated fair value of stock options vested during year period. Forfeitures are stock options that are cancelled on termination of employees. Stock based compensation expense that have been previously recorded for options that were terminated before they vested is reversed and netted against stock based compensation expense for the fair value of options that continue to vest. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future period could be significant. The assumptions in determining the fair value of stock-based compensation is based on historical experience and on other assumptions considered to be reasonable under the circumstances. Actual results could differ from these estimates.

Public, government and investor relations of \$599,628 for the year ended September 30, 2009 were down from the \$835,792 incurred in the year ended September 30, 2008 but higher than the \$358,689 incurred in the 13 months ended September 30, 2007. As with most companies in the same junior mineral exploration sector, the Company has reduced its investor relations activities by attending fewer investor shows and doing less advertising. This category of expenditure also includes the public and government relations undertaken to facilitate the permitting of its uranium projects in Slovakia.

Audit, legal and other professional fees were \$319,540 for the year ended September 30, 2009 (2008 - \$501,205; 2007 - \$971,241). Legal fees were decreased for the second year in a row as the Company further focused its activities on its uranium properties in Slovakia with fewer new property acquisition agreements.

Administration costs were \$888,000 for the year ended September 30, 2009 (2008 - \$530,576; 2007 - \$720,186). This category includes the \$234,779 total cost to close the Vancouver office and the additional cost to rent a small office in Vancouver and two small offices in Denver. These costs are expected to be lower in the year ended September 30, 2010.

Travel costs were \$593,755 for the year ended September 30, 2009 (2008 - \$570,306; 2007 - \$497,840). This category includes the costs to travel to attend mineral investment conferences, travel to market the Company and travel to visit the Company's operating mineral properties. This category is likely to continue to increase from year to year as the Company's executives are based in North America and the properties are in Slovakia. The Company is broadening its European shareholder base and continues to conduct marketing awareness trips to Europe. In addition management is travelling to several countries to meet with potential joint venture partners to present the Kuriskova project.

Regulatory fees of \$62,919 for the year ended September 30, 2009 (2008 - \$80,501; 2007 - \$111,819) are reduced for the second year in a row. This category of costs includes the annual listing fees for the Company's stock on the TSX Venture Exchange which is based on market capitalization which has declined from the comparative years.

The Company retained a financial advisor at a cost of \$276,972 in the year ended September 30, 2009 (2008 - \$298,404; 2007 - \$nil) to assist the Company in evaluating corporate alternatives to maximize shareholder value. These costs are not planned for the year ended September 30, 2010.

Interest income decreased by \$738,605 to \$54,948 for fiscal 2009 and by \$972,159 to \$793,553 for fiscal 2008 mainly due to the decline as the Company consumes its cash balances and a significant decrease in interest-bearing deposits and short-term investments over the comparative periods. Due to significant and prolonged declines in the fair values of the Company's marketable securities, the Company recorded an impairment loss on marketable securities of \$216,340 in the fourth quarter of fiscal 2008. Deferred reorganization costs of \$149,671 were written off in fiscal 2008 as the Company has no plans to complete the previously proposed reorganization. Exploration property costs written-off in fiscal 2008 of \$836,236

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

for a gold and silver exploration program conducted in Nevada and property investigations costs in fiscal 2007 of \$860,216 were related to the pursuit of investment opportunities in Eastern Europe.

The Company deferred mineral property exploration costs of \$3,546,621 on the Kuriskova uranium property and \$898,539 on the other Slovakian uranium properties. The majority of the increase funded drilling programs on the Kuriskova and Novoveska Huta projects in Slovakia in addition to the cost of the Preliminary Assessment Study on the Kuriskova project.

Discontinued Operations

As discussed earlier, in the year ended September 30, 2009, the Company negotiated the sale of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o. and completed the sale or abandonment of Dalradian Gold Limited, Tournigan USA Inc. and Tournigan Resources Ukraine Ltd.

The loss from discontinued operations is to the point of sale of each of the subsidiaries and for the year ended September 30, 2009 totalled \$1,182,293, the majority of which was a foreign exchange loss of \$777,661 as summarized below.

The loss on disposal of the subsidiaries, including the write-down of the Kremnica project to the expected proceeds on sale totalled \$15,940,851.

	Kremnica	Dalradian	TUSA	TVC Ukraine	For the year ended September 30, 2009
Accretion on asset retirement obligation	\$ 5,852	\$ -		\$ -	\$ 5,852
Property investigations	-	-	3,426	220,147	223,573
Employee salaries and fees to directors and contractors	-	-	-	37,848	37,848
Public, government and investor relations	85,225	11,541	-	5,308	102,074
Audit, legal and other professional fees	7,868	27,800	5,223	-	40,891
Administration	127	917	(235)	615	1,424
Interest income	(43)	-	(6,419)	(568)	(7,030)
Foreign exchange loss	804,781	(13,754)	-	(13,366)	777,661
Loss from discontinued operations	903,810	26,504	1,995	249,984	1,182,293
Loss on disposal of discontinued operation	10,584,010	5,224,887	121,161	10,793	15,940,851
	\$11,487,820	\$ 5,251,391	\$ 123,156	\$ 260,777	\$17,123,144

SELECTED ANNUAL INFORMATION

	September 30, 2009	September 30, 2008	September 30, 2007
Total revenues	\$ nil	\$nil	\$nil
Net loss	\$21,187,323	\$15,291,884	\$7,278,971
Net loss per share	\$(0.17)	\$(0.12)	\$(0.06)
Total assets	\$31,817,066	\$53,714,333	\$68,738,416
Total long-term liabilities	\$114,804	\$90,392	\$985,692
Cash dividend per share	\$nil	\$nil	\$nil

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Three month period ended							
	September 30 2009 \$	June 30 2009 \$	March 31 2009 \$	December 31 2008 \$	September 30 2008 \$	June 30 2008 \$	March 31 2008 \$	December 31 2007 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	(17,356,127)	(1,538,864)	(904,210)	(1,388,122)	(9,652,890)	(2,807,928)	(1,259,342)	(1,571,724)
Basic and diluted loss per share	(0.14)	(0.01)	(0.01)	(0.01)	(0.08)	(0.03)	(0.01)	(0.01)

For the periods presented in the above table, the Company's loss has generally been between \$1,000,000 and \$2,000,000.

For the three months ended September 30, 2009, the Company incurred a net loss of \$17,356,127 largely due to the loss on disposal of discontinued operations of \$15,940,851 for the year as described above. For the three months ended September 30, 2008, the Company incurred a net loss of \$9,652,890 largely due to the \$7,131,046 write-off of USA uranium properties. For the three months ended June 30, 2008 the net loss of \$2,807,928 included the \$749,848 write-off of Nevada gold properties.

FOURTH QUARTER

During the fourth quarter with the decision to discontinue operations in the gold sector and the ultimate disposal of four subsidiaries during the year the Company's accounts were separated between continued operations and discontinued operations in the fourth quarter. Accordingly, the opening cash balance for discontinued operations at September 30, 2008 was \$83,299 which reduced the opening cash balance for continued operations from \$12,666,749 to \$12,583,450 and from \$3,665,702 at June 30, 2009 to \$3,582,403. During the three months ended September 30, 2009 the Company expended \$798,903 on continuing and discontinued activities and \$41,055 on investing activities including mineral property exploration to end the quarter and the year with \$2,742,445 cash and cash equivalents.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash on hand at September 30, 2009, together with, in particular, the collection of a \$5,500,000 accounts receivable as proceeds from the sale of Dalradian Gold collected by December 31, 2009 provides the Company with sufficient financial resources to carry out its exploration and operations through the 2010 financial year however, the Company expects to raise additional equity capital in 2010. As a development stage company, the Company's liquidity position decreases as expenses are incurred. To mitigate this liquidity risk, the Company budgets both exploration and administration expenditures and closely monitors its liquidity position.

The Company's expenditure commitments on its mineral properties are primarily at the Company's discretion. License fees and minimum work commitments are expected to be approximately \$230,000 (EUR 145,000) for the fiscal 2010 year although the Company expects to fund considerably more than

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

that amount as it moves to the pre-feasibility study as the next step on it Kuriskova project.

To date, the Company's ongoing operations have been almost entirely financed by private placements and proceeds from the exercise of warrants and stock options. While the Company has been successful in raising the necessary funds in the past, there can be no assurance it can continue to do so in the future.

The Company began the fiscal year with cash and cash equivalents from continuing operations of \$12,583,450. During the year ended September 30, 2009 the Company expended \$3,580,712 on continuing operations net of working capital changes; received \$14,976 proceeds on the sale of marketable securities; received \$1,000,000 option payments from SA Resources Inc.; expended \$5,912,842 on continuing operation mineral property exploration and \$7,970 on the purchase of property and equipment for continuing operations and \$1,055,231 in discontinued operations to end the year on September 30, 2009 with \$2,742,445 in cash and cash equivalents.

At January 26, 2010 the market price closed at \$0.295 so that the majority of the Company's outstanding stock options are "out-of-the-money". Should the market price of the Company's stock increase and stock options be exercised, additional cash would be raised.

The Company's bank accounts are with high credit quality financial institutions. The Company has no risk exposure to asset backed commercial paper or auction rate securities.

FINANCIAL INSTRUMENTS

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements. The principal financial instruments affecting the Company's financial condition and results of operating is its cash and short-term money market investments and its accounts receivables due from related parties which are unsecured and non-interest bearing.

TRANSACTIONS WITH RELATED PARTIES

On December 12, 2008, the Company retained the services of Doris Meyer and her company, Golden Oak, to perform the financial reporting and regulatory compliance functions for the Company. On December 12, 2008 Ms. Meyer was appointed as the Company's Corporate Secretary and James Mackie, a C.G.A. and an employee of Golden Oak, was appointed as the Company's Controller. On January 30, 2009 Ms. Meyer replaced Hans Retterath as Chief Financial Officer. In the year ended September 30, 2009, Golden Oak was paid fees of \$89,250. These amounts are presented within salaries and fees to directors and contractors.

The Company's solicitors are Stikeman Elliott LLP. Mr. Poulus, a director of the Company, is a partner in that firm. Stikeman Elliott fees are incurred based on time spent by other Stikeman Elliott personnel in providing services to the Company. In the year ended September 30, 2009 these fees were \$84,506 (2008 - \$155,457; 2007 - \$283,771).

In previous years the Company had cost reimbursement arrangement and cost sharing arrangements with Longview Capital a company with two common directors, Mr. Poulus and Mr. Shorr pursuant to which the Company paid Longview Capital \$310,311 in the year ended September 30, 2008 and \$109,714 in the 13 months ended September 30, 2007. The Company ceased to share office space with Longview in the first quarter of fiscal 2008.

In the year ended September 30, 2008, geological consulting fees of \$89,615 (2007 - \$77,397) were paid to Longview Technical, a division of Longview Capital, which were capitalized to exploration properties in 2008. These fees were based on Longview Technical's standard rates and these services are no longer being used.

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

In the year ended September 30, 2008, the Company paid \$33,917 fees to Mr. Poulus (2007 - \$32,500) and in the 13 months ended September 30, 2007 the Company paid \$30,000 consulting fees to a company controlled by Garry Stock, an officer of the Company at that time who was also an officer of Longview Capital and \$7,903 consulting fees to Damien Reynolds a director of the Company and Longview Capital at that time.

Accounts receivable, due from related parties and accounts payable and accrued liabilities balances include the following related party balances. Receivables are unsecured and without interest.

	September 30, 2009	September 30, 2008
Accounts receivable from directors and officers	\$ 42,828	\$ -
Accounts receivable from Ortac	62,436	-
Accounts receivable from Fischer-Watt	214,140	-
Due from related party from Fischer-Watt	833,005	-
	<u>\$ 1,152,409</u>	<u>\$ -</u>
Due to related parties	\$ 170,597	\$ 31,863

CHANGES IN ACCOUNTING POLICIES

New Accounting Standards

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities - In January 2009, the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") issued EIC 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. EIC 173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities. The Company adopted this abstract for the year ended September 30, 2009 with no material impact upon adoption on the Company's financial statements.

Mining Exploration Costs (EIC-174) - In March 2009, the EIC issued EIC-174, *Mining Exploration Costs*, which provides guidance on the capitalization of exploration costs relating to mining properties and an assessment for impairment of such capitalized costs. It further provides additional discussion on recognition of long-lived assets. The Company adopted this abstract for the year ended September 30, 2009 with no material impact upon adoption on the Company's financial statements.

Section 1400 - General Standard of Financial Statement Presentation – The Company implemented this Section which required the Company to include management's assessment and disclosure of an entity's ability to continue as a going concern.

Section 3862 - Financial instruments – disclosures - This Section requires the Company to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks.

Section 3863 - Financial instruments – presentation - This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

adopted this standard for the year ended September 30, 2009 with no material impact upon adoption on the Company's financial statements.

Section 1535 – Capital disclosures - This Section requires the disclosure of qualitative and quantitative information that enables the users to evaluate the Company's objectives, policies and processes for managing capital as well as the implications of non-compliance.

Future Canadian accounting standards

Goodwill and intangible assets - The CICA issued Section 3064, *Goodwill and Intangible Assets*, which has replaced the existing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This standard is effective for the Company's interim and annual financial statements commencing October 1, 2009. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

Business combinations, non-controlling interest and consolidated financial statements- In January 2009, the CICA issued Handbook Sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-controlling Interests*, which replace CICA Handbook Sections 1581, *Business Combinations*, and 1600, *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning October 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS") - In 2006, the Accounting Standards Board ("AcSB") announced that the accounting standards in Canada are to be converged with IFRS. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required by January 1, 2011 with appropriate comparative data from the prior year. Accordingly the Company will be required to present its financial statements for the fiscal year ended September 30, 2012 in accordance with IFRS and will be required to restate the comparatives for the fiscal year ended September 30, 2011. Under IFRS, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that must be addressed. The impact of these new standards on the Company's financial statements is currently being evaluated by management but the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements as defined in applicable securities laws. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words: "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of management's discussion and analysis. These forward-looking statements include but are not limited to, statements concerning the Company's:

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

- strategies and objectives;
- interest and other expenses;
- tax position and tax rates;
- political unrest or instability in foreign countries and its impact on foreign assets;
- the timing of decisions regarding the timing and costs of construction and production with respect to, and the issuance of, the necessary permits and other authorizations required for exploration properties;
- estimates of the quantity and quality of mineral resources;
- planned capital expenditures and estimates of reclamation and other costs related to environmental protection;
- future capital costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of various operations;
- financial and operating objectives;
- exploration, environmental, health and safety initiatives;
- availability of qualified employees for operations; and
- outcome of legal proceedings and other disputes.

Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including risks that may affect operating or capital plans. This includes risks generally encountered in the development of mineral properties such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and unavailability of skilled labour; fluctuations in the market price of principal commodities which are cyclical and subject to substantial price fluctuations; risks created through competition for mining properties; risks associated with lack of access to markets; risks associated with mineral resource estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of transportation and other critical services; risks associated with performance by contractual counterparties; risks associated with title claims and other title risks; social and political risks associated with operations in foreign countries; risks of changes in tax laws or their interpretation; and risks associated with tax reassessments and legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this management's discussion and analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the supply and demand for, deliveries of, and the level and volatility of prices of uranium and gold;
- the timing of the receipt of regulatory and governmental approvals for development projects and other operations;
- the availability of financing for development projects on reasonable terms;
- costs of production and production and productivity levels, as well as those of competitors;
- the ability to secure adequate transportation for products;
- the ability to procure mining equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- the impact of changes in foreign exchange rates on costs and results;

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

- engineering and construction timetables and capital costs for development and expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of reserve estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the resolution of environmental and other proceedings or disputes; and
- ongoing relations with employees and with business partners and joint venturers.

The reader is cautioned that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The reader should also carefully consider the matters discussed under "Risk Factors" in this management's discussion and analysis.

OTHER ITEMS

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in note 5 to the annual audited consolidated financial statements for the year ended September 30, 2009.

Outstanding Share Data as at January 27, 2010

Authorized: an unlimited number of common shares without par value.

	Common Shares Outstanding	Stock Options Outstanding	Share Capital \$
Balance, September 30, 2009 and January 27, 2010	122,697,859	6,423,333	108,370,841

Risk factors

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains only to conditions currently known to management. There can be no guarantee or assurances that other factors will or will not adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Title claims can impact the exploration, development, operation and sale of any natural resource project. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability or adverse governmental action. The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

a material adverse effect on the Company.

Mineral Resources and Recovery Estimates

Disclosed resource estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company estimates its mineral resources in accordance with the requirements of applicable Canadian securities regulatory authorities and established mining standards. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk and are less likely to be accurately estimated or recovered than mineral reserves. The mineral reserve and resource figures are estimates based on the interpretation of limited sampling and subjective judgments regarding the grade and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future metal prices. The sampling, interpretations or assumptions underlying any reserve or resource figure may be incorrect, and the impact on mineral resources may be material. In addition, short term operating factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause mineral reserve estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating resources.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company or at all.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages or the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. There can be no assurances that the Company will be at all times in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environmental regulations. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits could require increased financial resources or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

TOURNIGAN ENERGY LTD.

2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Foreign Activities

The Company's mineral properties are in Slovakia and, from time to time, in other foreign countries where there are added risks and uncertainties due to the different legal, economic, cultural and political environments. Some of these risks include nationalization and expropriation, social unrest and political instability, uncertainties in perfecting mineral titles, trade barriers and exchange controls and material changes in taxation. Furthermore, developing country status or an unfavourable political climate may make it difficult for the Company to obtain financing for projects in some countries.

Legal Proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits and other proceedings. The results of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

Foreign Currency Exchange

The Company maintains its accounts in Canadian dollars. The Company's operations in Slovakia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's two senior executives reside in the USA and are employed by a wholly owned US corporation and paid in US dollars. The Company's operating results and cash flows are affected to varying degrees by changes in the Canadian Dollar exchange rate vis-à-vis the Euro and the US dollar. The Company purchases foreign currencies as the need arises in order to fund its exploration and development activities. Corporate expenditures are incurred in mainly in Canadian and US dollars.

Credit

Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank investments and accounts and other receivables. The Company's bank accounts are with high credit quality financial institutions. The Company has no risk exposure to asset backed commercial paper or auction rate securities. The Company's due from related party is unsecured. The Company will continue to assess its allowance for credit losses. There can be no assurance that the Company's counterparties will not default on their obligations such that the Company will incur losses.

Interest Rate

The Company's bank accounts earn interest income at variable rates while restricted deposits earn a fixed rate over less than a six-month period. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

Cautionary notes to US investors concerning reserve and resource estimates

Measured and Indicated Resources

This MD&A uses the terms "measured resources" and "indicated resources". The Company advises US investors that while these terms are recognized and required by Canadian regulations, the SEC does not recognize them. US investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Mineral resources that are not "mineral reserves" do not have demonstrated economic viability. Disclosure of "contained ounces" is permitted under Canadian regulations; however, the SEC normally only permits the reporting of non-reserve mineralization as in-place tonnage and grade.

TOURNIGAN ENERGY LTD. 2009 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Inferred Resources

This MD&A uses the term "inferred resources". The Company advises US investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. US investors are cautioned not to assume that any part or all of an inferred resource exists or is economically or legally mineable.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.tournigan.com.