

MANAGEMENT'S DISCUSSION AND ANALYSIS

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January 21, 2011

OVERVIEW

The following discussion is management's assessment and analysis ("MD&A") of the results of operations and financial conditions of Tournigan Energy Ltd. (the "Company" or "Tournigan") for the year ended September 30, 2010 and subsequent activity up to January 21, 2011 and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the year ended September 30, 2010 and 2009 which are available on the SEDAR website.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

SUMMARY DESCRIPTION OF TOURNIGAN'S BUSINESS

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".

Tournigan is a mineral resource exploration company focused on the exploration and development of its uranium properties in Slovakia. Tournigan's flagship property is the Kuriskova project, which is being advanced to the pre-feasibility stage. Tournigan's principal objective is to advance the Kuriskova project to the feasibility stage and, if justified, to production.

The Kuriskova licence, which encompasses 31.75 square kilometres, was issued to Ludovika Energy s.r.o. (Tournigan's wholly owned Slovakian subsidiary) in March 2005 by the Geology and Natural Resources Department at the Ministry of the Environment of the Slovak Republic, and was renewed in April 2009 for a term of four years.

The following table summarizes the current Kuriskova resource estimate and is derived from information contained in the report entitled: "*Mineral Resource Update Kuriskova Uranium Project East-Central Slovakia, NI 43-101 Technical Report*" prepared by Tetra Tech, Inc. dated May 10, 2010 and amended and reissued on December 22, 2010 (the "Kuriskova Technical Report"). John W. Rozelle, P.G. of Tetra Tech, Inc. was the principal author responsible for the overall preparation of the Kuriskova Technical Report. Additional authors included Deepak Malhotra and Allan V. Moran, R.G., C.P.G.

Kuriskova In situ Resources @ 0.05%U cutoff						Associated Molybdenum Resource		
Classification	Year	%U	Tonnes ('000)	%U ₃ O ₈	U ₃ O ₈ ('000 Pounds)	%Mo	Tonnes ('000)	Mo ('000 pounds)
Total Inferred	2010	0.194	3,481	0.228	17,528	0.032	3,417	2,442
Total Indicated	2010	0.484	1,631	0.571	20,539	0.080	1,564	2,760

Notes:

1. In-situ uranium resources refers to global in-place resources to which a mine design has not yet been applied; although the above stated resources meet the definition of having the "potential for economic extraction" at the cutoff provided.
2. Tonnes ('000) refers to kilo-tonnes or tonnes x 1,000; U₃O₈ lbs ('000) refers to kilo-pounds or pounds x 1,000.
3. CIM compliant resource classification by Tetra Tech, Inc. using industry standard block modeling techniques.
4. Bulk density of 2.75 used for all rock types.

The Kuriskova Technical Report was amended to comply with Canada's National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and is available on SEDAR under Tournigan's profile.

On July 23, 2009, Tournigan received a positive preliminary assessment (the "Preliminary Assessment")

MANAGEMENT'S DISCUSSION AND ANALYSIS

on its Kuriskova project from its independent consultant, Pincock, Allen & Holt ("PAH"). Results of this Preliminary Assessment were first reported in a news release dated June 25, 2009. Minor changes to the project parameters were subsequently reported in a news release dated July 27, 2009. The highlights of the Preliminary Assessment are:

- PAH reviewed the resource estimate from the report entitled: "Updated NI 43-101 Technical Report on Resources, Kuriskova Uranium Project, Eastern Slovakia," prepared by SRK Consulting (U.S.) Inc. ("SRK") dated April 16, 2009 (the "SRK Report") and believes that it was prepared in accordance with accepted industry standards, sufficient for purposes of the Preliminary Assessment. The information summarized in the following table was derived from the SRK Report:

Kuriskova In situ Resources @ 0.05%U cutoff						Associated Molybdenum		
Classification	Year	U%	Tonnes ('000s)	%U ₃ O ₈	U ₃ O ₈ lbs ('000s)	Mo%	Tonnes ('000s)	Mo lbs ('000s)
Total Inferred	2009	0.182	3,780	0.215	17,901	0.03	4,897	3,161
Total Indicated	2009	0.473	1,191	0.558	14,654	N/A	N/A	N/A

Notes:

- In-situ uranium resources refers to global in-place resources to which a mine design has not yet been applied; although the above stated resources meet the definition of having the "potential for economic extraction" at the cutoff provided.
- Tonnes ('000) refers to kilo-tonnes or tonnes x 1,000; U₃O₈ lbs ('000) refers to kilo-pounds or pounds x 1,000.
- Mo resource represents Mo associated with uranium blocks above a 0.05%eU cutoff.
- N/A = not applicable.

- The SRK estimated mineral resources used in the Preliminary Assessment provided for underground mining at a rate of 276,000 tonnes of material per year for approximately 15 years. The Preliminary Assessment mine plan was based on an underhand drift and fill mining method and assumed an external dilution (over break) of 22% and an internal dilution of 13%, both at zero grade.
- The base case internal rate of return ("IRR") (assuming long term uranium and molybdenum prices of US\$65.00 per pound U₃O₈ and US\$12.50 per pound of molybdenum in molybdenite) is estimated at 35.8% on a pre-tax basis with a 5.6 year payback on an estimated initial capital cost of US\$168 million. At a 12% discount rate, the pre-tax net present value ("NPV") is estimated at US\$135 million.
- Total operating costs are estimated to be US\$32 per pound of U₃O₈ over the mine life and during the first 5 years of production US\$17 per pound of U₃O₈. These costs include a byproduct credit for molybdenum of about US\$1 per pound of U₃O₈. In addition, during the life of mine there will be sustaining capital requirements of about US\$88 million. The operating costs above are exclusive of mineral royalties, which are estimated at US\$3 per pound of U₃O₈.

The project is financially sensitive to the amount of U₃O₈ which is produced per year. This is directly related to the tonnage and grade mined and processed annually as well as to plant recovery.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The Preliminary Assessment is preliminary in nature and includes the use of Inferred Resources which have not demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Preliminary Assessment will be realized.

A Preliminary Assessment Technical Report was finalized to comply with Canada's National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and was filed on SEDAR on July 24, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Recent Developments

Kuriskova Project

On July 20, 2010 Tournigan announced that it was mobilizing a drill rig to immediately start a step-out and infill drilling program as part of an ongoing exploration and prefeasibility program at Kuriskova. On October 14, 2010, Tournigan announced the results of 12 holes comprising approximately 2,500 metres completed. The conclusions drawn from the results were that the strike length of Zone 45 mineralization has increased by 100 metres to now total approximately 165 metres and the results are expected to add to the uranium resource at Zone 45. Preliminary structural analysis of drill results has identified a possible downward plunge orientation to the high-grade uranium mineralization in Zone 45, which remains open to depth. Downward extensions along this orientation may be tested by future drilling.

On August 3, 2010 the Company announced it had received test results from additional metallurgical testing for the Kuriskova project. The test program was conducted on new composites from more deposit areas which included new drill core samples from the 2009-2010 drilling program. The work was performed at the Hazen Research, Inc. laboratory facilities in Golden, Colorado.

These tests confirm the initial test work completed at the Resource Development, Inc. laboratory facilities in Wheatridge, Colorado as reported on November 3, 2009.

The test results indicate that over 90% of the uranium and 85% of the molybdenum can be recovered by pressure oxidation using a whole ore leach process in two hours utilizing an alkaline process (basic leaching media) at a grind size of P80 300 mesh and temperature of 200°C. These recoveries were obtained on two separate composites with an average Bond work index of 13. The predominant uranium minerals are uraninite and coffinite. The uranium recoveries of up to 93% in this program are higher than those reported in the Kuriskova Technical Report. Additional test work is planned during the ongoing prefeasibility study to optimize other process parameters.

Uranium and molybdenum will be recovered by conventional milling methods. The additional test work is being undertaken to optimize the process parameters (grind size, temperature, pressure oxidation time, carbonate concentration, etc.) for recovery of uranium and molybdenum as part of the ongoing test program for a prefeasibility study.

These test results show that an alkaline leaching process using benign carbonate reagents (not sulphuric acid) can effectively recover both uranium and molybdenum from representative composite samples. Additional test work planned at Hazen is expected to confirm the development of a flow sheet using alkaline leaching that has been used in the uranium industry since the 1960's.

Financings

On July 14, 2010 Tournigan completed a non-brokered private placement (the "Private Placement") of 30,000,000 units, at a subscription price of \$0.10 per unit, for gross proceeds of \$3,000,000. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of Tournigan up to and including July 14, 2012 at an exercise price of \$0.20. Tournigan paid \$102,900 and issued 1,029,000 warrants in payment of finders' fees in connection with the Private Placement.

On December 30, 2010 Tournigan completed a public offering of 40,000,000 units at a price of \$0.30 per unit to raise gross proceeds of \$12,000,000 pursuant to a short form prospectus dated December 22, 2010 (the "Offering"). Each unit was comprised of one common share and one-half of one common share purchase warrant. As commission to the agent Tournigan paid \$720,000 and issued 2,400,000 agent's warrants. Each whole warrant and each agent warrant entitles the holder to purchase one common share of Tournigan up to and including December 30, 2012 at an exercise price of \$0.40.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dispositions

On January 28, 2010, Tournigan announced that it had entered into an agreement with Ortac Resources plc to sell Tournigan's Slovakian subsidiaries Kremnica Gold s.r.o and Kremnica Gold Mining s.r.o. (the "Kremnica Companies") to Ortac.

On April 9, 2010, pursuant to the Share Purchase Agreement, Ortac completed the purchase of the Kremnica Companies for consideration of US\$2,000,000 paid in a combination of US\$100,000 cash and a US\$1,900,000 non-interest bearing promissory note (the "Ortac Note"). The Company recorded a gain on disposal of discontinued operations for the sale of the Kremnica Companies. The carrying value of the Kremnica Companies held for sale was \$198,715 so that the calculated gain on disposal of discontinued operations was \$1,812,285.

The Company will recognize additional consideration if and when, 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.

By September 22, 2010 the US\$1,900,000 Ortac Note was fully settled by payment to the Company of US\$550,000 and the issuance of 87,688,530 common shares of Ortac valued at US\$1,350,000.

By December 24, 2010 the Company had sold all of its Ortac shares for proceeds of \$2,230,025 (US\$2,167,177) net of commissions, realizing a gain on sale of marketable securities of \$840,875 (US\$817,177).

With the sale of the Kremnica Companies, Tournigan has disposed of the last of its interests in its gold properties, and is now focused exclusively on the exploration and development of its Slovakian uranium properties.

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 resource disclosures contained in this MD&A.

CHANGES IN ACCOUNTING POLICIES

On October 1, 2009 the Company changed its accounting policy for mineral property exploration expenditures. In prior years, the Company capitalized the acquisition cost of mineral properties and exploration expenditures directly related to specific mineral properties, net of recoveries received.

Under the new policy, exploration expenditures incurred prior to the determination of the feasibility of mining operations and prior to a decision to proceed with development are charged to operations as incurred. Development expenditures incurred subsequent to a development decision and incurred to increase or extend the life of existing production are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

The impact of this change was to decrease mineral properties and increase the deficit by \$34,356,810 and \$21,421,798 at September 30, 2008 and 2009 respectively; to decrease mineral properties by \$19,469,782 and non-current assets held for sale by \$1,952,016 at September 30, 2009 and to increase the loss from operations by \$4,445,160 and decrease the loss on disposal of discontinued operations by \$17,380,172 for the year ended September 30, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Goodwill and intangible assets – The Company adopted the new CICA 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 on October 1, 2009* with no material impact on the Company's financial statements. The section contains 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.

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

Results of Continuing Operations for the year ended September 30, 2010

For the periods presented, the Company had no revenues, no long term debt and did not declare or pay any dividends. For the year ended September 30, 2010 the Company incurred a loss from continuing operations of \$8,872,733 or \$0.07 per share, an increase of \$363,394 from the restated loss from continuing operations of \$8,509,339 for September 30, 2009 (previously reported as \$4,064,179).

Expenses

Mineral exploration costs on the Slovakian uranium properties in the year ended September 30, 2010 were \$4,621,310 compared to \$4,445,160 in the previous year. The most significant component in both periods was drilling and assays at Kuriskova of \$3,373,356 in the current year and \$2,331,429 in the September 30, 2009 year.

Expenses totalled \$4,143,371 in the year ended September 30, 2010 compared to \$4,939,952 in the previous year or \$3,073,689 compared to \$4,299,538 when non-cash stock based compensation and amortization are excluded from the total. As previously reported the Company closed its Vancouver head office in January 2009 and terminated five head office employees. On May 29, 2009, the Company surrendered the lease to the landlord and the Company was released from all remaining obligations of the lease.

As expected with this head office closure and staff reduction, all cash-based expenses decreased from the current year to the previous year by approximately \$1,225,849 overall.

Other Income (expense)

Interest income decreased commensurate with the average decrease in the Company's cash balances and the declining interest rate.

The Company sold its portfolio of shares of other companies, except Ortac, in the first quarter of 2010 for a net gain of \$1,261.

The foreign exchange loss was \$71,667 in the year ended September 30, 2010 compared to a gain of \$887,594 in the comparative year. The gain in the year ended September 30, 2009 included a \$777,661 foreign exchange gain on the intercompany loan from the assets held for sale.

Results of Discontinued Operations for the year ended September 30, 2010

The gain on disposal of discontinued operations reflects the sale of the Kremnica Companies to Ortac in April 2010. The proceeds of the sale were US\$2,000,000 with the effect of the foreign exchange from the US Dollar of \$11,000 at 1.0055, and the carrying value of the net assets held for sale of \$198,715, the calculated gain on disposal of discontinued operations was \$1,812,285 at April 9, 2010.

As a result of the previously discussed change in accounting policy, the comparative year's \$1,439,321 gain on disposal of discontinued operations had previously been reported as a loss of \$15,940,851. The amounts reflected the write down of the Kremnica Companies and the disposals of Dalradian Gold Limited, Tournigan USA Inc. and Tournigan Resources Ukraine Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In the comparative year there was a loss from discontinued operations arising from operations to the date of sale of each of the subsidiaries totalling \$1,182,293, the majority of which was a foreign exchange loss of \$777,661.

SELECTED ANNUAL INFORMATION

	September 30, 2010	September 30, 2009 (revised)⁽¹⁾	September 30, 2008 (revised)⁽¹⁾
Total revenues	\$nil	\$nil	\$nil
Loss from continuing operations	\$8,872,733	\$8,509,339	\$9,866,654
(Gain) loss on disposal of discontinued operations	\$(1,812,285)	\$(1,439,321)	\$8,815,500
Loss from discontinued operations	\$nil	\$1,182,293	\$2,010,396
Loss from continuing operations per share	(\$0.07)	(\$0.07)	(\$0.08)
Gain (loss) from discontinued operations per share	\$0.01	(\$0.00)	(\$0.09)
Total assets	\$7,250,400	\$10,395,268	\$19,357,523
Total liabilities	\$620,479	\$750,340	\$2,032,236
Cash dividend per share	\$nil	\$nil	\$nil

(1) See Note 3 to the September 31, 2010 financial statements

SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	September 30 2010 \$	June 30 2010 \$	March 31 2010 \$	December 31 2009 \$	September 30 2009 \$	June 30 2009 \$	March 31 2009 \$	December 31 2008 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit (loss) for the year	(1,986,730)	738,345	(2,900,002)	(2,912,061)	(481,026)	(2,237,201)	(1,564,503)	(3,969,581)
Basic and diluted profit (loss) per share	(0.01)	0.01	(0.02)	(0.02)	(0.00)	(0.02)	(0.01)	(0.03)

The quarterly results have been revised for the change in accounting policy discussed above.

The Company is an exploration company. At this time any issues of seasonality or market fluctuations have no impact. The Company now expenses its exploration and project investigation and general and administration costs and these amounts are included in the net loss for each quarter. The Company's treasury in part determines the levels of exploration.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOURTH QUARTER

For the fourth quarter of 2010 - the opening cash balance was \$2,140,059. During the three months ended September 30, 2010 the Company expended \$689,264 on operating activities, expended \$2,875 on investing activities, and received \$2,868,343 for financing activities to end the quarter and the 2010 year with \$4,316,263 cash and cash equivalents.

For the fourth quarter of 2009 – the opening cash balance was \$3,562,138. During the three months ended September 30, 2009 the Company received \$584,431 related to operating activities, received \$12,439 related to investing activities, and expended \$1,416,563 on discontinued operating activities to end the quarter and the 2009 year with \$2,742,445 cash and cash equivalents.

LIQUIDITY AND CAPITAL RESOURCES

Management believes that the Company's cash on hand at September 30, 2010 combined with amounts received from the issuance of shares in December 2010 is sufficient to finance exploration activities and operations through the next twelve months. 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 currently expected to be approximately \$125,000 (€89,500) for the fiscal 2011 year although the Company expects to fund considerably more than 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 equity issues 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 of \$2,742,445. During the year ended September 30, 2010 the Company collected \$6,447,621 of accounts and note receivable related to the 2009 sales of Dalradian Gold Ltd. and the Kremnica Companies. The Company expended \$7,790,150 on operations, and expended \$49,591 on other working capital changes. The Company realized \$17,983 proceeds on the sale of marketable securities and \$100,550 on the sale of discontinued operations and expended \$14,822 to purchase equipment for net investing activities of \$103,711. The Company received net proceeds of \$2,871,558 on the issue of securities pursuant to a private placement to end with cash and cash equivalents of \$4,316,263 on September 30, 2010.

On December 30, 2010 Tournigan completed a public offering of 40,000,000 units at a price of \$0.30 per unit to raise gross proceeds of \$12,000,000 pursuant to a short form prospectus dated December 22, 2010 (the "Offering"). Each unit was comprised of one common share and one-half of one common share purchase warrant. As commission to the agent Tournigan paid \$720,000 and issued 2,400,000 agent's warrants. Each whole warrant and each agent warrant entitles the holder to purchase one common share of Tournigan up to and including December 30, 2012 at an exercise price of \$0.40.

3,550,000 of the Company's outstanding and exercisable stock options and 14,985,250 of the share purchase warrants are exercisable and "in-the-money" based on a closing share price of \$0.365 on the TSX.V on the date of this MD&A.

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.

TRANSACTIONS WITH RELATED PARTIES

In the year ended September 30, 2010 Golden Oak Corporate Services Ltd., a corporation wholly owned by Doris Meyer, the Company's Chief Financial Officer and Secretary was paid fees of \$102,000, compared to \$89,250 in the previous fiscal year, to perform the financial reporting and regulatory compliance functions for the Company. These amounts are presented within salaries and fees to directors and contractors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's solicitors are Stikeman Elliott LLP. Mr. Poulus, a director of the Company, is a partner in the firm. Stikeman Elliott's fees are billed based on time spent by other Stikeman Elliott personnel on providing services to the Company. In the year ended September 30, 2010 these fees were \$70,156, including \$9,572 presented as share issue costs, compared to \$84,506 in the previous year.

Fischer-Watt Gold Company, Inc. ("Fisher-Watt") is a Nevada-incorporated mineral exploration and development company. Fischer-Watt owes the Company \$751,170 (US\$730,000) consideration for the purchase of Tournigan USA Inc. in 2009. Subsequent to year-end Fischer-Watt paid the Company US\$130,000 against the amount owed. 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.

Ortac Resources plc is a London based mineral exploration and development company that has now purchased the Kremnica Companies from Tournigan. Subsequent to the agreement with Ortac being negotiated and executed, Dorian (Dusty) Nicol, a director and President and CEO of Tournigan was appointed to the board of directors of Ortac. At September 30, 2010 Ortac owed the Company \$32,627 which was subsequently collected.

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

	September 30, 2010	September 30, 2009
Accounts receivable from directors and officers	\$ -	\$ 42,828
Accounts receivable from Ortac	32,627	62,436
Accounts receivable from Fischer-Watt	-	214,140
Due from Fischer-Watt	751,170	833,005
	\$ 783,797	\$ 1,152,409
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Accounts payable and accrued liabilities - due to related parties	\$ 9,617	\$ 170,597

OUTSTANDING SHARE DATA as at the date of this MD&A

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

	Common Shares Outstanding	Warrants Outstanding	Stock Options Outstanding	Share Capital
Balance, September 30, 2010	152,688,484	16,029,000	5,575,000	\$ 110,640,598
Exercise of warrants	1,043,750	(1,043,750)	-	247,161
Shares issued pursuant to a public offering	40,000,000	20,000,000	-	12,000,000
Fair value of warrants	-	-	-	(2,346,260)
Share issue costs, finders warrants, and agent commissions	-	2,400,000	-	(1,099,145)
Balance, date of this MD&A	193,732,234	37,385,250	5,575,000	\$ 119,442,354

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments consist of cash and cash equivalents, accounts and note receivable, due from related party and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

In conducting business, the principal risks and uncertainties faced by the Company centre on exploration and development, resource and commodity prices and market sentiment.

The prices of resource and commodity markets can fluctuate significantly and are affected by many factors outside of the Company's control. The relative prices of uranium and future expectations for such prices have a significant impact on the market sentiment for investment in mining and resource exploration companies. The Company relies on equity financing for its working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

FUTURE CANADIAN ACCOUNTING STANDARDS

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 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning 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 consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. 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") – The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. Under IFRS, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that must be addressed. The impact of these new standards on the Company's financial statements is currently being evaluated by management.

Due to the size of the Company, the convergence to IFRS is being led by the Company's Chief Financial Officer, a Certified General Accountant, who along with other members of the Company's management group will design and execute the conversion project and will report to the Audit Committee on the progress accomplished.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The significant differences identified to date between Canadian GAAP and IFRS that affect the Company and the impacts on the Company's financial statements has been completed on a high-level basis and is discussed below.

The Company must investigate accounting and reporting for foreign exchange treatment under IFRS to determine if there is a difference between Canadian GAAP and IFRS.

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

Property, Plant and Equipment ("PP&E")

Canadian GAAP does not permit the revaluation of PP&E. Historical cost is used. IFRS permits the revaluation of PP&E but does not require it. Depreciation is calculated by individual asset for IFRS and this is the method currently used by the Company so there is no difference between Canadian GAAP and IFRS.

Mineral interests

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

The Company's policy has been changed to capitalize acquisition costs and to expense exploration costs so there is no difference between Canadian GAAP and IFRS.

Stock based compensation

Canadian GAAP allows graded or straight-line recognition of the fair value of stock option grants as the options vest. IFRS requires that graded vesting be used with each instalment accounted for as a separate arrangement. Under IFRS, forfeitures that occur during the vesting period adjust the stock-based compensation whereas under Canadian GAAP forfeitures are recorded as they occur.

As the Company's stock options will have fully vested by the time of convergence to IFRS, and the granted March 2010 stock options allow for immediate vesting, there is no significant difference expected between Canadian GAAP and IFRS.

Item 2 - Information technology and data systems

The accounting processes of the Company are relatively simple and no major challenges are expected at this point to operate the accounting system under IFRS.

The Company generated its accounting under Canadian GAAP in 2010, and it has tentatively determined that there are no significant difference for the accounting under IFRS and the financial statements under Canadian GAAP.

Item 3 - Internal control over financial reporting

Since the Company trades on the TSX Venture Exchange management does not make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109.

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the filings are exempt from misrepresentations and are presenting fairly the results of the

MANAGEMENT'S DISCUSSION AND ANALYSIS

Company. Management will ensure that once the convergence is completed it will be in a position to continue to certify the Company's filings.

The audit committee of the Company reviews the financial reporting and control matters and recommends approval of the annual financial statements and MD&A to the board of directors who are then responsible for approving the filings.

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

The Company will update its disclosure controls and procedures to ensure they are appropriate for reporting under IFRS. At this time, no changes have been discovered as being necessary.

The Company will continue to maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109 is recorded, processed, summarized and reported in the manner specified by the relevant securities laws applicable to the Company.

Item 5 - Financial reporting expertise, including training requirements

The Chief Financial Officer and the Controller of the Company have participated in ongoing training sessions provided by external advisors. The Controller attended a two day workshop that compared Canadian GAAP to IFRS for a mineral exploration company. Training and research are ongoing and the development of standards issued by the International Accounting Standards Boards are monitored and evaluated for any impact on the Company.

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

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

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

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:

- 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;

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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
- the 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;
- 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;
- 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise except as required by law.

RISK FACTORS

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge, and careful evaluation fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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-

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and guaranteed investment certificates 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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The components of exploration costs are described in Schedule 1 to the consolidated financial statements for the year ended September 30, 2010.

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.