



**2011  
SECOND QUARTER REPORT**

**Interim Consolidated Financial Statements**

**March 31, 2011**

**TOURNIGAN ENERGY LTD.** (a development stage company)  
**2011 SECOND QUARTER REPORT**

**Consolidated Balance Sheets**

(expressed in Canadian dollars)

	<b>March 31, 2011</b>	September 30, 2010
	<b>(unaudited)</b>	(audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 14,205,130	\$ 4,316,263
Accounts receivable (note 7(b))	389,670	270,117
Marketable securities (note 3)	-	1,562,416
Prepaid expenses and deposits	174,293	188,882
	<b>14,769,093</b>	<b>6,337,678</b>
<b>Due from related parties</b> (note 7(b))	<b>581,760</b>	<b>751,170</b>
<b>Property and equipment</b> (note 5)	<b>119,402</b>	<b>161,552</b>
	<b>\$ 15,470,255</b>	<b>\$ 7,250,400</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7(b))	\$ 489,884	\$ 620,479
	<b>489,884</b>	<b>620,479</b>
<b>Shareholders' Equity</b>		
Share capital (note 6)	119,168,757	110,640,598
Contributed surplus (note 6)	13,916,924	11,202,097
Accumulated other comprehensive income	-	177,316
Deficit	(118,105,310)	(115,390,090)
	<b>14,980,371</b>	<b>6,629,921</b>
	<b>\$ 15,470,255</b>	<b>\$ 7,250,400</b>

**Nature of operations and going concern** (note 1)

**Commitments** (note 9)

**On behalf of the Board:**

/s/ "Rex McLennan"

Rex McLennan, Director

/s/ "Dorian L. Nicol"

Dorian L. Nicol, Director

See accompanying notes to the unaudited interim consolidated financial statements.

**TOURNIGAN ENERGY LTD.** (a development stage company)  
**2011 SECOND QUARTER REPORT**

**Consolidated Statements of Operations and Deficit**  
(expressed in Canadian dollars)

	Three months ended		Six months ended	
	March 31, 2011 (unaudited)	March 31, 2010 (unaudited)	March 31, 2011 (unaudited)	March 31, 2010 (unaudited)
<b>MINERAL PROPERTY EXPENSE</b>				
Mineral property exploration costs (schedule 1)	\$ 1,191,892	\$ 1,216,848	\$ 1,783,845	\$ 3,045,804
Property investigations	8,352	48,758	8,352	48,758
	<b>1,200,244</b>	<b>1,265,606</b>	<b>1,792,197</b>	<b>3,094,562</b>
<b>EXPENSES</b>				
Administration	80,526	86,544	149,731	178,088
Amortization	19,848	26,271	45,878	66,446
Audit, legal and other professional fees	46,843	167,589	91,508	255,224
Employee salaries and fees to directors and contractors (note 7)	328,587	279,221	642,471	648,546
Public, government and investor relations	147,319	177,401	264,395	323,399
Regulatory fees	39,338	29,159	43,963	31,757
Stock-based compensation (note 6)	-	659,053	27,803	798,304
Travel	135,765	137,859	294,025	289,704
	<b>798,226</b>	<b>1,563,097</b>	<b>1,559,774</b>	<b>2,591,468</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	21,945	1,734	24,360	4,558
Gain on sale of marketable securities	-	-	784,167	1,261
Foreign exchange loss	(70,870)	(78,740)	(171,776)	(131,852)
	<b>(48,925)</b>	<b>(77,006)</b>	<b>636,751</b>	<b>(126,033)</b>
<b>LOSS FROM CONTINUING OPERATIONS</b>				
	<b>(2,047,395)</b>	<b>(2,905,709)</b>	<b>(2,715,220)</b>	<b>(5,812,063)</b>
Reversal of costs from discontinued operations (note 4)	-	5,707	-	-
<b>LOSS</b>	<b>\$ (2,047,395)</b>	<b>\$ (2,900,002)</b>	<b>\$ (2,715,220)</b>	<b>\$ (5,812,063)</b>
<b>Deficit, beginning of the period</b>				
	<b>\$ (116,057,915)</b>	<b>\$ (111,241,703)</b>	<b>\$ (115,390,090)</b>	<b>\$ (108,329,642)</b>
Loss for the period	<b>(2,047,395)</b>	<b>(2,900,002)</b>	<b>(2,715,220)</b>	<b>(5,812,063)</b>
<b>Deficit, end of the period</b>	<b>\$ (118,105,310)</b>	<b>\$ (114,141,705)</b>	<b>\$ (118,105,310)</b>	<b>\$ (114,141,705)</b>
<b>Basic and diluted loss from continuing operations per share</b>				
	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>
<b>Basic and diluted gain from discontinued operations per share</b>				
	<b>\$ -</b>	<b>\$ 0.00</b>	<b>\$ -</b>	<b>\$ (0.00)</b>
<b>Basic and diluted loss per share</b>				
	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of outstanding shares</b>				
	<b>193,722,512</b>	<b>122,697,863</b>	<b>173,392,124</b>	<b>122,697,864</b>

See accompanying notes to the unaudited interim consolidated financial statements.

**TOURNIGAN ENERGY LTD.** (a development stage company)  
**2011 SECOND QUARTER REPORT**

**Consolidated Statements of Comprehensive Loss**

(expressed in Canadian dollars)

	Three months ended		Six months ended	
	March 31, 2011 (unaudited)	March 31, 2010 (unaudited)	March 31, 2011 (unaudited)	March 31, 2010 (unaudited)
<b>LOSS</b>	\$ (2,047,395)	\$ (2,900,002)	\$ (2,715,220)	\$ (5,812,063)
Other comprehensive income:				
Reclassification adjustment for realized (gain) loss	-	8,828	(177,316)	-
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	\$ (2,047,395)	\$ (2,891,174)	\$ (2,892,536)	\$ (5,812,063)

See accompanying notes to the unaudited interim consolidated financial statements.

**TOURNIGAN ENERGY LTD.** (a development stage company)  
**2011 SECOND QUARTER REPORT**

**Consolidated Statements of Cash Flows**

(expressed in Canadian dollars)

	Three months ended		Six months ended	
	March 31, 2011 (unaudited)	March 31, 2010 (unaudited)	March 31, 2011 (unaudited)	March 31, 2010 (unaudited)
<b>CASH PROVIDED FROM (USED FOR):</b>				
<b>OPERATING ACTIVITIES:</b>				
Loss for the period	\$ (2,047,395)	\$ (2,900,002)	\$ (2,715,220)	\$ (5,812,063)
Less:				
Loss from discontinued operations (note 4)	-	(5,707)	-	-
Loss from continuing operations	(2,047,395)	(2,905,709)	(2,715,220)	(5,812,063)
Items not affecting cash:				
Stock-based compensation	-	670,496	27,833	810,960
Unrealized foreign exchange loss	15,000	27,385	37,135	42,712
Gain on sale of marketable securities	-	-	(784,167)	(1,261)
Amortization of property and equipment	19,848	26,271	45,878	66,446
	(2,012,547)	(2,181,557)	(3,388,541)	(4,893,206)
Net changes in operating balances:				
Accounts receivable	(43,377)	(58,701)	12,722	5,439,411
Prepaid expenses and deposits	(50,569)	(23,962)	14,589	(54,659)
Accounts payable and accrued liabilities	(44,287)	(2,668)	(130,595)	124,128
	(2,150,780)	(2,266,888)	(3,491,825)	615,674
<b>INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	-	-	(3,728)	(1,773)
Proceeds on sale of marketable securities	-	-	2,169,267	17,983
	-	-	2,165,539	16,210
<b>FINANCING ACTIVITIES:</b>				
Shares issued	8,750	-	12,208,750	-
Share issue costs	(41,376)	-	(993,597)	-
	(32,626)	-	11,215,153	-
<b>Cash and cash equivalents used for discontinued operating activities</b>	-	(23,004)	-	(9,846)
<b>Change in cash and cash equivalents for the period</b>	<b>(2,183,406)</b>	<b>(2,289,892)</b>	<b>9,888,867</b>	<b>622,038</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>16,388,536</b>	<b>5,654,375</b>	<b>4,316,263</b>	<b>2,742,445</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 14,205,130</b>	<b>\$ 3,364,483</b>	<b>\$ 14,205,130</b>	<b>\$ 3,364,483</b>
<b>Non-cash investing and financing activities:</b>				
Fair value of warrants exercised	\$ 2,042	\$ -	38,411	-
Fair value of warrants issued as finders' fees	-	-	379,145	-
<b>Supplemental cash flow information:</b>				
Cash paid during the period for interest	\$ -	\$ -	\$ -	\$ -
Cash paid during the period for income taxes	-	-	-	-

See accompanying notes to the unaudited interim consolidated financial statements.

**TOURNIGAN ENERGY LTD.** (a development stage company)  
**2011 SECOND QUARTER REPORT**

**SCHEDULE 1**

**Mineral Property Exploration Costs**

(expressed in Canadian dollars)  
(unaudited)

	Three months ended March 31, 2011			Six months ended March 31, 2011		
	Slovakia Kuriskova	Slovakia Other	Slovakia Total	Slovakia Kuriskova	Slovakia Other	Slovakia Total
Drilling and assays	\$ 620,410	\$ 274,039	\$ 894,449	\$ 875,438	\$ 275,748	\$ 1,151,186
Licenses and permits	494	-	494	602	15,730	16,332
Personnel, administration and travel	123,512	26,700	150,212	236,921	42,318	279,239
Stock-based compensation	-	-	-	30	-	30
Socio-environmental studies	3,559	-	3,559	11,938	-	11,938
Studies and evaluations	143,178	-	143,178	325,120	-	325,120
	\$ 891,153	\$ 300,739	\$ 1,191,892	\$ 1,450,049	\$ 333,796	\$ 1,783,845

	Three months ended March 31, 2010			Six months ended March 31, 2010		
	Slovakia Kuriskova	Slovakia Other	Slovakia Total	Slovakia Kuriskova	Slovakia Other	Slovakia Total
Drilling and assays	\$ 874,557	\$ 1,333	\$ 875,890	\$ 2,563,959	\$ 15,901	\$ 2,579,860
Licenses and permits	14	943	957	14	5,447	5,461
Personnel, administration and travel	195,889	22,554	218,443	243,794	25,621	269,415
Stock-based compensation	11,443	-	11,443	12,656	-	12,656
Socio-environmental studies	3,579	-	3,579	16,417	-	16,417
Studies and evaluations	106,536	-	106,536	161,995	-	161,995
	\$ 1,192,018	\$ 24,830	\$ 1,216,848	\$ 2,998,835	\$ 46,969	\$ 3,045,804

See accompanying notes to the unaudited interim consolidated financial statements.

# **TOURNIGAN ENERGY LTD.** (a development stage company) **2011 SECOND QUARTER REPORT**

## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*Six months ended March 31, 2011 and 2010*  
(expressed in Canadian dollars) (unaudited)

### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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Tournigan Energy Ltd. (the "Company") is a public company listed on the TSX Venture Exchange in Canada and the Frankfurt Stock Exchange in Germany. The Company's principal business activity is the sourcing, exploration, and development of mineral properties.

The Company has not generated revenues from operations. These interim consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. Management believes that the Company's cash on hand at March 31, 2011 provides the Company with sufficient financial resources to carry out its exploration and operations through the next twelve months. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

### **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

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The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly do not include all disclosures required for annual financial statements.

These unaudited interim consolidated financial statements follow the same significant accounting policies and methods of application as the Company's consolidated financial statements for the year ended September 30, 2010 and should be read in conjunction with the September 30, 2010 financial statements.

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for fair presentation have been included. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full fiscal year ending September 30, 2011.

Certain of the prior period's figures have been reclassified to conform to the current period's presentation.

#### **Future Canadian accounting standards**

- a) **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.

# TOURNIGAN ENERGY LTD. (a development stage company) 2011 SECOND QUARTER REPORT

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended March 31, 2011 and 2010  
(expressed in Canadian dollars) (unaudited)

### 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

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.

- b) **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 for the Company 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 Company is currently assessing the impact of the adoption of IFRS on its financial statements.

### 3. MARKETABLE SECURITIES

	March 31, 2011	September 30, 2010
Ortac Resources Limited ("Ortac")	\$ -	\$ 1,562,416
	\$ -	\$ 1,562,416

During the six months ended March 31, 2011, the Company sold 87,668,530 common shares of Ortac for proceeds of \$2,169,267 realizing a gain of \$784,167 offset by the unrealized gain recorded in fiscal 2010 in other comprehensive income of \$177,316.

At September 30, 2010, the Company recorded \$177,316 in other comprehensive income as an unrealized gain during the year then ended, for the 87,668,530 common shares of Ortac owned at September 30, 2010.

### 4. DISCONTINUED OPERATIONS

**Disposal of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o. ("Kremnica Shares")** – On January 27, 2010, the Company and Ortac Resources plc ("Ortac") executed a share purchase agreement ("Share Purchase Agreement") which superseded a June 7, 2009 option agreement pursuant to which 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 purchased and took possession of 80% of the Kremnica Shares on closing the amendment agreement for consideration of US\$2,000,000 which was paid in a combination of US\$100,000 cash on the transfer 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, which was settled upon Ortac completing a public listing. The Promissory Note was received in fiscal 2010 as US\$550,000 in cash and US\$1,350,000 in Ortac shares to the equivalent cash value. The Ortac shares were sold during the period ended December 31, 2010 (note 3).

In the comparative three month period ended March 31, 2010 there was a reversal of amortization costs from discontinued operations totalling \$5,707 upon the sale of Kremnica to Ortac.

# TOURNIGAN ENERGY LTD. (a development stage company)

## 2011 SECOND QUARTER REPORT

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended March 31, 2011 and 2010  
(expressed in Canadian dollars) (unaudited)

#### 5. PROPERTY AND EQUIPMENT

	March 31, 2011			September 30, 2010		
	Cost	Accumulated amortization	Net Book Value	Cost	Accumulated amortization	Net Book Value
<b>Canada:</b>						
Computer and electronic equipment	\$ 93,446	\$ 93,446	\$ -	\$ 93,446	\$ 86,045	\$ 7,401
Office and field equipment	180,224	125,127	55,097	180,224	107,105	73,119
Software	118,410	118,410	-	118,410	118,410	-
	<u>392,080</u>	<u>336,983</u>	<u>55,097</u>	<u>392,080</u>	<u>311,560</u>	<u>80,520</u>
<b>United States:</b>						
Computer and electronic equipment	4,808	866	3,942	1,080	405	675
<b>Slovakia:</b>						
Computer and electronic equipment	11,994	8,828	3,166	11,994	7,664	4,330
Vehicles	67,218	57,389	9,829	67,218	48,881	18,337
Office and field equipment	106,699	59,331	47,368	106,699	49,009	57,690
Software	21,285	21,285	-	21,285	21,285	-
	<u>207,196</u>	<u>146,833</u>	<u>60,363</u>	<u>207,196</u>	<u>126,839</u>	<u>80,357</u>
	<u>\$ 604,084</u>	<u>\$ 484,682</u>	<u>\$ 119,402</u>	<u>\$ 600,356</u>	<u>\$ 438,804</u>	<u>\$ 161,552</u>

#### 6. SHARE CAPITAL

The Company has an unlimited number of common shares without par value authorized for issuance.

	Number of Shares	Share Capital	Contributed Surplus
<b>Issued as at September 30, 2010</b>	152,688,484	\$ 110,640,598	\$ 11,202,097
Stock based compensation	-	-	27,833
Shares issued pursuant to a public offering	40,000,000	9,653,740	2,346,260
Share issue costs	-	(993,597)	-
Warrants issued as agent fees	-	(379,145)	379,145
Exercise of finders' fee warrants	1,043,750	247,161	(38,411)
<b>Issued as at March 31, 2011</b>	<u>193,732,234</u>	<u>\$ 119,168,757</u>	<u>\$ 13,916,924</u>

**Share issuance** – On December 30, 2010 the Company completed a public offering of 40,000,000 units (“Unit”) at a price of \$0.30 per unit, for gross proceeds of \$12,000,000. Each Unit consisted of one common share (a “Share”) and one-half of one non-transferable share purchase warrant (a “Warrant”). Each full Warrant is exercisable to purchase an additional Share of the Company at \$0.40 each until December 30, 2012. The proceeds of the financing of \$12,000,000 were allocated on a relative fair value basis as \$9,653,740 to Shares and \$2,346,260 as to Warrants. The Company paid \$720,000 cash and issued an additional 2,400,000 share purchase warrants (“Agents’ Warrants”) at a fair value of \$379,145 as agent finder’s fees pursuant to the public offering. Cash share issue costs pursuant to this public offering were an additional \$273,597.

The assumptions used in the Black-Scholes option pricing model for the relative fair value allocation and the fair value of the Agents’ Warrants were: a risk free interest rate of 1.7%; an expected volatility of 101.6%; an expected life of 2 years; and an expected dividend of zero.

**TOURNIGAN ENERGY LTD.** (a development stage company)  
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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Six months ended March 31, 2011 and 2010  
(expressed in Canadian dollars) (unaudited)

**6. SHARE CAPITAL (continued)**

**Warrants** – The continuity for share purchase warrants is as follows:

Expiry date	Exercise price	Balance, September 30, 2010	Issued	Exercised	Expired	Balance March 31, 2011				
July 14, 2012	\$ 0.20	15,000,000	-	(1,000,000)	-	<b>14,000,000</b>				
July 14, 2012 (Finders)	\$ 0.20	1,029,000	-	(43,750)	-	<b>985,250</b>				
December 30, 2012	\$ 0.40	-	20,000,000	-	-	<b>20,000,000</b>				
December 30, 2012 (Agents)	\$ 0.40	-	2,400,000	-	-	<b>2,400,000</b>				
		16,029,000	22,400,000	(1,043,750)	-	<b>37,385,250</b>				
Weighted average exercise price	\$	0.20	\$	0.40	\$	0.20	\$	-	\$	<b>0.32</b>

**Options** – On March 30, 2010 the Company's shareholders approved the renewal of an amended rolling stock option plan applicable to directors, employees and consultants, under which the total outstanding stock options are limited to 5% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX Venture Exchange. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

The continuity for stock options is as follows:

Expiry date	Exercise price	Balance, September 30, 2010	Granted	Exercised	Expired	Balance March 31, 2011				
November 10, 2013	\$ 0.22	250,000	-	-	-	<b>250,000</b>				
January 26, 2014	\$ 0.24	300,000	-	-	-	<b>300,000</b>				
April 27, 2014	\$ 0.44	2,025,000	-	-	-	<b>2,025,000</b>				
March 26, 2015	\$ 0.30	3,000,000	-	-	-	<b>3,000,000</b>				
		5,575,000	-	-	-	<b>5,575,000</b>				
Weighted average exercise price	\$	0.34	\$	-	\$	-	\$	-	\$	<b>0.34</b>

At March 31, 2011, all of the outstanding options were exercisable.

**Fair Value of Stock-Based Compensation**

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

During the six months ended March 31, 2011, the Company recorded \$27,803 in stock based compensation in general expenses and \$30 in mineral property exploration for options vesting during the period from stock options granted in 2009 and 2010.

During the six months ended March 31, 2010, the Company recorded \$798,304 in stock based compensation in general expenses and \$12,656 in mineral property exploration for options vesting during the period from stock options granted in 2008, 2009, and 2010.

# TOURNIGAN ENERGY LTD. (a development stage company)

## 2011 SECOND QUARTER REPORT

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended March 31, 2011 and 2010  
(expressed in Canadian dollars) (unaudited)

#### 6. SHARE CAPITAL (continued)

##### 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.

#### 7. RELATED PARTY TRANSACTIONS AND BALANCES

##### a) Transactions

	Six months ended March 31, 2011	Six months ended March 31, 2010
Legal fees to a law firm in which a director is a partner	\$ 5,666	\$ 56,855
Share issue costs to a law firm in which a director is a partner	108,535	-
Consulting fees to a company controlled by an officer	63,667	51,000

Consulting fees were based on rates commensurate with the costs of obtaining employee or director services. Legal fees were billed at standard industry rates.

##### b) Balances

Accounts 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.

	March 31, 2011	September 30, 2010
Accounts receivable from directors and officers	\$ 58,176	\$ -
Accounts receivable from Ortac	-	32,627
	\$ 58,176	\$ 32,627
Due from Fischer-Watt	\$ 581,760	\$ 751,170
Accounts payable and accrued liabilities - due to related parties	\$ 62,497	\$ 9,617

The accounts receivable from Ortac was collected in the current six-month period ended March 31, 2011. Dorian Nicol, the President and Chief Executive Officer of the Company became a director of Ortac after executing the Share Purchase Agreement discussed in note 4.

The US dollar denominated amount owed by Fischer-Watt relates to the February 23, 2009 sale of Tournigan USA Inc. The Chairman, President and CEO of Fischer-Watt is Peter Bojtos, who is a director of the Company. The Company collected \$132,275 (US\$130,000) of this receivable in December 2010 and recorded an unrealized foreign exchange loss of \$37,135 on the balance.

# **TOURNIGAN ENERGY LTD.** (a development stage company) **2011 SECOND QUARTER REPORT**

## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*Six months ended March 31, 2011 and 2010*  
(expressed in Canadian dollars) (unaudited)

### **8. SEGMENTED INFORMATION**

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The Company operates in one business segment being the acquisition and exploration of uranium mineral properties in Slovakia and has three geographical segments: Canada, the USA and Slovakia. The total assets attributable to the geographical locations relate primarily to property and equipment and have been disclosed in note 5.

### **9. COMMITMENTS**

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**Drilling contract** - A subsidiary of the Company had entered into a drilling contract with a Slovakian drilling company whereby the Company was committed to drill 4,190 metres by December 31, 2010 at an estimated equivalent cost of \$221 per metre (€166 per metre). The Company negotiated terms for early termination and paid \$55,000 (€41,283) in full settlement and release of this contract in November 2010.

**Mineral properties** – the required license fees and minimum work commitments on the Company's mineral property agreements are discussed in note 12 to the audited financial statements as at September 30, 2010.