



**2011  
FIRST QUARTER REPORT**

**Interim Consolidated Financial Statements**

**December 31, 2010**

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

**Consolidated Balance Sheets**

(expressed in Canadian dollars)

	<b>December 31, 2010 (unaudited)</b>	September 30, 2010 (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 16,388,536	\$ 4,316,263
Accounts receivable	346,293	270,117
Marketable securities (note 3)	-	1,562,416
Prepaid expenses and deposits	123,724	188,882
	<b>16,858,553</b>	<b>6,337,678</b>
<b>Due from related party</b> (note 7(b))	<b>596,760</b>	751,170
<b>Property and equipment</b> (note 5)	<b>139,250</b>	161,552
	<b>\$ 17,594,563</b>	<b>\$ 7,250,400</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 534,171	\$ 620,479
	<b>534,171</b>	<b>620,479</b>
<b>Shareholders' Equity</b>		
Share capital (note 6)	119,199,341	110,640,598
Contributed surplus (note 6)	13,918,966	11,202,097
Accumulated other comprehensive income	-	177,316
Deficit	<b>(116,057,915)</b>	<b>(115,390,090)</b>
	<b>17,060,392</b>	<b>6,629,921</b>
	<b>\$ 17,594,563</b>	<b>\$ 7,250,400</b>

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

**Commitments** (note 9)

**Subsequent event** (note 10)

**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 FIRST QUARTER REPORT**

**Consolidated Statements of Operations and Deficit**

(expressed in Canadian dollars)

	Three months ended	
	December 31, 2010 (unaudited)	December 31, 2009 (unaudited)
<b>MINERAL PROPERTY EXPENSE</b>		
Mineral property exploration costs (schedule 1)	\$ 591,953	\$ 1,828,956
	<b>591,953</b>	<b>1,828,956</b>
<b>EXPENSES</b>		
Administration	69,205	91,544
Amortization	26,030	40,175
Audit, legal and other professional fees	44,665	87,635
Employee salaries and fees to directors and contractors (note 7)	313,884	369,325
Public, government and investor relations	117,076	145,998
Regulatory fees	4,625	2,598
Stock-based compensation (note 6)	27,803	139,251
Travel	158,260	151,845
	<b>761,548</b>	<b>1,028,371</b>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	2,415	2,824
Gain on sale of marketable securities	784,167	1,261
Foreign exchange loss	(100,906)	(53,112)
	<b>685,676</b>	<b>(49,027)</b>
<b>LOSS FROM CONTINUING OPERATIONS</b>	<b>(667,825)</b>	<b>(2,906,354)</b>
Loss from discontinued operations (note 4)	-	(5,707)
<b>LOSS</b>	<b>\$ (667,825)</b>	<b>\$ (2,912,061)</b>
<b>Deficit, beginning of the period</b>	<b>\$ (115,390,090)</b>	<b>\$ (108,329,642)</b>
Loss for the period	<b>(667,825)</b>	<b>(2,912,061)</b>
<b>Deficit, end of the period</b>	<b>\$ (116,057,915)</b>	<b>\$ (111,241,703)</b>
Basic and diluted loss from continuing operations per share	\$ (0.00)	\$ (0.02)
Basic and diluted gain from discontinued operations per share	\$ -	\$ (0.00)
Basic and diluted loss per share	\$ (0.00)	\$ (0.02)
Weighted average number of outstanding shares	<b>153,503,701</b>	<b>122,697,863</b>

See accompanying notes to the unaudited interim consolidated financial statements.

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

**Consolidated Statements of Comprehensive Loss**

(expressed in Canadian dollars)

	<b>Three months ended</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>LOSS</b>	\$ (667,825)	\$ (2,912,061)
Other comprehensive income:		
Reclassification adjustment for realized (gain) loss	(177,316)	8,828
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	\$ (845,141)	\$ (2,903,233)

See accompanying notes to the unaudited interim consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

(expressed in Canadian dollars)

	<b>Three months ended</b>	
	<b>December 31, 2010 (unaudited)</b>	<b>December 31, 2009 (unaudited)</b>
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Loss for the period	\$ (667,825)	\$ (2,912,061)
Less:		
Loss from discontinued operations (note 4)	-	5,707
Loss from continuing operations	<b>(667,825)</b>	<b>(2,906,354)</b>
Items not affecting cash:		
Stock-based compensation	27,833	140,464
Unrealized foreign exchange loss	22,135	15,327
Gain on sale of marketable securities	<b>(784,167)</b>	<b>(1,261)</b>
Amortization of property and equipment	<b>26,030</b>	<b>40,175</b>
	<b>(1,375,994)</b>	<b>(2,711,649)</b>
Net changes in operating balances:		
Accounts receivable	56,099	5,498,112
Prepaid expenses and deposits	65,158	(30,697)
Accounts payable and accrued liabilities	<b>(86,308)</b>	<b>126,796</b>
	<b>(1,341,045)</b>	<b>2,882,562</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<b>(3,728)</b>	<b>(1,773)</b>
Proceeds on sale of marketable securities	<b>2,169,267</b>	<b>17,983</b>
	<b>2,165,539</b>	<b>16,210</b>
<b>FINANCING ACTIVITIES:</b>		
Shares issued	<b>12,200,000</b>	-
Share issue costs	<b>(952,221)</b>	-
	<b>11,247,779</b>	-
<b>Cash and cash equivalents used for discontinued operating activities</b>	<b>-</b>	<b>13,158</b>
<b>Change in cash and cash equivalents for the period</b>	<b>12,072,273</b>	<b>2,911,930</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>4,316,263</b>	<b>2,742,445</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 16,388,536</b>	<b>\$ 5,654,375</b>
<b>Non-cash investing and financing activities:</b>		
Fair value of warrants exercised	\$ 36,369	-
Fair value of warrants issued as finders' fees	<b>379,145</b>	-
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	-	-

See accompanying notes to the unaudited interim consolidated financial statements.

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

**SCHEDULE 1**

**Mineral Property Exploration Costs**

(expressed in Canadian dollars)  
(unaudited)

	Three months ended December 31, 2010			Three months ended December 31, 2009		
	Slovakia Kuriskova	Slovakia Other	Slovakia Total	Slovakia Kuriskova	Slovakia Other	Slovakia Total
Drilling and assays	\$ 255,028	\$ 1,709	\$ 256,737	\$ 1,689,402	\$ 14,568	\$ 1,703,970
Licenses and permits	108	15,730	15,838	-	4,504	4,504
Personnel, administration and travel	113,409	15,618	129,027	58,154	1,478	59,632
Stock-based compensation	30	-	30	1,213	-	1,213
Socio-environmental studies	8,379	-	8,379	2,589	1,589	4,178
Studies and evaluations	181,942	-	181,942	55,459	-	55,459
	\$ 558,896	\$ 33,057	\$ 591,953	\$ 1,806,817	\$ 22,139	\$ 1,828,956

See accompanying notes to the unaudited interim consolidated financial statements.

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

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

*Three months ended December 31, 2010 and 2009*  
(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 December 31, 2010, 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. The majority of exploration costs are incurred in the months of April to October due to seasonal weather conditions in the Northern Hemisphere.

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 FIRST QUARTER REPORT

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2010 and 2009  
(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.

- c) **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 impact of these new standards on the Company's financial statements is currently being evaluated by management.

### 3. MARKETABLE SECURITIES

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

During the three months ended December 31, 2010, 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 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).

The loss from discontinued operations for Kremnica in the three months ended December 31, 2009 comprised amortization expense of \$5,707 as Ortac was only responsible for cash costs to administer the Kremnica companies.

# TOURNIGAN ENERGY LTD. (a development stage company)

## 2011 FIRST QUARTER REPORT

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2010 and 2009  
(expressed in Canadian dollars) (unaudited)

#### 5. PROPERTY AND EQUIPMENT

	December 31, 2010			September 30, 2010		
	Cost	Accumulated amortization	Net Book Value	Cost	Accumulated amortization	Net Book Value
Computer and electronic equipment	\$ 110,248	\$ 101,718	\$ 8,530	\$ 106,520	\$ 94,114	\$ 12,406
Vehicles	67,218	53,135	14,083	67,218	48,881	18,337
Office and field equipment	286,923	170,286	116,637	286,923	156,114	130,809
Software	139,695	139,695	-	139,695	139,695	-
	\$ 604,084	\$ 464,834	\$ 139,250	\$ 600,356	\$ 438,804	\$ 161,552

#### 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	-	(952,221)	-
Warrants issued as agent fees	-	(379,145)	379,145
Exercise of finders' fee warrants	1,000,000	236,369	(36,369)
<b>Issued as at December 31, 2010</b>	193,688,484	\$ 119,199,341	\$ 13,918,966

**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 \$232,221.

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)

## 2011 FIRST QUARTER REPORT

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2010 and 2009  
(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 December 31, 2010				
July 14, 2012	\$ 0.20	15,000,000	-	(1,000,000)	-	14,000,000				
July 14, 2012 (Finders)	\$ 0.20	1,029,000	-	-	-	1,029,000				
December 30, 2012	\$ 0.40	-	20,000,000	-	-	20,000,000				
December 30, 2012 (Agents)	\$ 0.40	-	2,400,000	-	-	2,400,000				
		16,029,000	22,400,000	(1,000,000)	-	37,429,000				
Weighted average exercise price	\$	0.20	\$	0.40	\$	0.20	\$	-	\$	0.32

**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.

As at December 31, 2010, the Company has stock options outstanding and exercisable as follows:

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

At December 31, 2010, 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 three months ended December 31, 2010, 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 three months ended December 31, 2009, the Company recorded \$139,251 in stock based compensation in general expenses and \$1,213 in mineral property exploration for options vesting during the period from stock options granted in 2008 and 2009.

# TOURNIGAN ENERGY LTD. (a development stage company)

## 2011 FIRST QUARTER REPORT

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended December 31, 2010 and 2009  
(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

	Three months ended December 31, 2010	Three months ended December 31, 2009
Legal fees to a law firm in which a director is a partner	\$ 1,869	\$ 33,033
Share issue costs to a law firm in which a director is a partner	102,847	-
Consulting fees to a company controlled by an officer	36,167	25,500

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.

	December 31, 2010	September 30, 2010
Accounts receivable from directors and officers	\$ 59,676	\$ -
Accounts receivable from Ortac	-	32,627
Due from Fischer-Watt	596,760	751,170
	<b>\$ 656,436</b>	<b>\$ 783,797</b>
Accounts payable and accrued liabilities - due to related parties	\$ 11,292	\$ 9,617

The accounts receivable from Ortac was collected in the current three-month period ended December 31, 2010. 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 the current period and recorded an unrealized foreign exchange loss of \$22,135 on the balance.

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

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

*Three months ended December 31, 2010 and 2009*  
(expressed in Canadian dollars) (unaudited)

### **8. SEGMENTED INFORMATION**

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The Company operates only in the uranium mineral exploration sector in Slovakia. The majority of the Company's assets are located in Slovakia.

### **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.

### **10. SUBSEQUENT EVENT**

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Subsequent to December 31, 2010, the Company issued 43,750 common shares pursuant to the exercise of finder's share purchase warrants for proceeds of \$8,750.