



2007

ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF JANUARY 25, 2008

TOURNIGAN GOLD CORPORATION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

January 25, 2008

OVERVIEW

This management's discussion and analysis ("MD&A") covers the operations of Tournigan Gold Corporation (the "Company") for the 13 months ended September 30, 2007 and subsequent activity up to January 25, 2008. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The following discussion should be read in conjunction with the Company's consolidated financial statements prepared in accordance with Canadian GAAP: as at September 30, 2007 and August 31, 2006; for the 13 months ended September 30, 2007; and the years ended August 31, 2006 and 2005.

Additional information related to the Company is available for view on SEDAR at www.sedar.com, on EDGAR at www.edgar-online.com, on the Company's website at www.tournigan.com, or by requesting further information from the Company's head office in Vancouver.

2007 HIGHLIGHTS

Uranium – Kuriskova, Slovakia

- Revised resource estimate doubles initial 2005 estimate to 36 million pounds U3O8
- Completed 10,000 metres of infill drilling with some deep extension drilling in 30 holes

Uranium – Novoveska Huta, Slovakia

- Completed 9-hole, 4,100-metre confirmatory drill program to prepare NI 43-101 resource estimate in 2008

Uranium – Airborne Radiometric Survey, Slovakia

- Survey performed and identified 42 anomalies
- 22 high priority targets in the Permian Belt

Uranium – USA

- Commenced drilling in Wyoming and Arizona
- Sweetwater Buyout agreement to acquire 100% interest expected to close in early 2008

Gold – Curraghinalt, Northern Ireland

- Revised resource estimate significantly increases resource

Gold – Kremnica, Slovakia

- Pre-feasibility study released

Corporate

- Corporate reorganization announced

DESCRIPTION OF BUSINESS

The Company is a mineral resource exploration company with a focus on the acquisition, exploration and development of gold and uranium properties in Europe and North America. The Company's principal uranium exploration properties are the Kuriskova and Novoveska Huta properties in Slovakia and the western USA properties held through the Sweetwater option agreement. The Company's principal gold exploration properties are the Kremnica gold property in Slovakia and the Curraghinalt gold property in Northern Ireland. The Company maintains its head office in Vancouver, Canada and has field offices in the towns of Kremnica and Spisska Nova Ves, Slovakia and Gortin, Northern Ireland.

The Company 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".

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The three primary mineral properties are these:

- Kuriskova, a uranium deposit in Slovakia with a defined resource estimate; and
- two gold deposits, Kremnica in Slovakia with a defined resource and reserve estimate, and Carraghinalt in Northern Ireland with a defined resource estimate.

For each of these deposits, the Company's focus is to advance the project to the feasibility stage and, if justified, to production.

For the Kuriskova uranium deposit in Slovakia, the Company's inferred resource totals 36,290,000 pounds of uranium oxide (U3O8) contained in 5.1 million tonnes of material with an average grade of 0.323% U3O8. More information on the deposit is provided below.

For the two gold deposits combined, the Company's measured and indicated resources consist of 1,290,629 ounces in 24.2 million tonnes of material with an average grade of 1.66 grams gold per tonne, and the Company's inferred resources consist of 694,961 ounces in 11.2 million tonnes of material with an average grade of 1.92 grams gold per tonne. More information, including the ounces, tonnage and grade of the resources within the individual gold deposits, is disclosed below. The larger of the two deposits, Kremnica, has approximately 81% of the Company's measured and indicated resources and 50% of the Company's inferred resources, as measured by ounces of gold. Kremnica also has a silver resource and has defined probable reserves of gold and silver.

Of the Company's non-primary exploration properties, the most advanced is Novoveska Huta which has a historical resource based on Slovak standards of 19,970,000 pounds of U3O8 in 12.0 million tonnes of material with an average grade of 0.075% U3O8. This resource, while not based on Canadian National Instrument 43-101 standards ("NI 43-101"), is approximately equivalent to a Canadian inferred resource. The Company expects to complete an initial resource estimate based on NI 43-101 standards in 2008. In the meantime, investors are cautioned not to rely on the Novoveska Huta estimate. More details on Novoveska Huta and other non-primary exploration properties are provided below.

REORGANIZATION

On May 28, 2007, the Company announced that it would seek shareholder approval for the reorganization of its capital structure and separation of the ownership, management and financing of its assets into two separate publicly traded entities, one with a focus on uranium exploration and the other with a focus on precious metals.

The reorganization is subject to a favourable tax ruling from the Canada Revenue Agency, regulatory and court approvals, approval of the transaction by shareholders and the new precious metals company being accepted for listing on a stock exchange. The new precious metals company will have to comply with all of the requirements of the securities commissions involved.

CHANGE IN YEAR END

The Company changed its fiscal year end to September 30 from August 31, effective September 30, 2007.

EXPLORATION PROPERTIES

URANIUM – KURISKOVA, SLOVAKIA (100% interest)

Resource

The Kuriskova uranium deposit has an inferred resource of 36,290,000 pounds of uranium oxide (U3O8) contained in 5.1 million tonnes of material with an average grade of 0.323% U3O8 based on a cut-off of 0.035% U3O8. The Main Zone portion of the inferred resource estimate includes 30.92 million pounds U3O8 contained in 3.34 million tonnes of material with an average grade of 0.421% U3O8.

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The resource, which the Company disclosed in December 2007, is from a study prepared by independent consultant A.C.A. Howe of Berkhamsted, England. The final version of the resource study dated December 20, 2007 was filed on SEDAR on January 17, 2008.

The inverse distance estimate includes results from 10 diamond drill holes drilled by the Company at the Kuriskova deposit in 2006, three diamond holes drilled by the Company in late 2005, and 13 relevant holes of the 52 historical diamond drill holes drilled by previous government operators. The hole spacing ranged between 40 and 150 metre centres.

Kuriskova Uranium Deposit, Inferred Resource Estimate (ACA Howe, December 2007)

| Domain | Tonnes (Mt) | U3O8% | U3O8 (lbs) |
|---------------|------------------------|--------------|-------------------|
| Main Zone | 3,335,000 | 0.421 | 30,920,000 |
| Hanging wall | 1,765,000 | 0.138 | 5,370,000 |
| All | 5,100,000 | 0.323 | 36,290,000 |

Cut-off Grade 0.035% U3O8

Next Steps

The estimate did not incorporate results from a 30-hole, 9,825-metre calendar 2007 infill drilling program. The Company expects these results will form part of a new resource estimate scheduled for calendar 2008. The Company also expects that the upcoming resource estimate will upgrade a significant portion of the deposit to the indicated resource classification, based in part on radiometric readings which indicate that the majority of the 26 holes from calendar 2007 intersected uranium mineralization.

The Company has engaged AMEC plc of London, England to conduct a Kuriskova Targeting Study to investigate mine development concepts and environmental impacts. AMEC will work in collaboration with Wismut Umwelttechnik GmbH (WISUTECH) of Chemnitz, Germany. The study is scheduled for completion in early calendar 2008.

In late calendar 2007 the Company conducted a ground radiometric survey at Kuriskova as a follow up to a 2007 airborne radiometric survey of all of its uranium properties in Slovakia. The airborne survey highlighted known anomalies and identified new targets. The ground survey will determine whether any of these new targets involve false anomalies related to activities such as farming. Results of the combined airborne and ground surveys are scheduled for disclosure in the first quarter of calendar 2008.

Title, Location, Access and Infrastructure

The current exploration licence is registered as "Cermel-Jahodna – U-Mo, Cu ores", and was granted on March 21, 2005 by the Geology and Natural Resources Department at the Ministry of the Environment of the Slovak Republic. The licence is valid until April 2009 with company renewal options, and is subject to a number of conditions. The Company believes it has complied with all required conditions. Licence fees and work commitments are up to approximately \$44,000 per annum.

The Kuriskova property consists of 32 km² of mineral claims situated in a forest approximately 13 km northwest of the city of Kosice, a regional industrial centre in East-Central Slovakia. The property, which is easily accessible, lies close to the main road between Kosice in the southeast and the town of Spisska Nova Ves in the northwest. The project is accessible off the main road along a network of minor, unsurfaced tracks that traverse the forest, and give access to the project area.

With the exception of a royalty payment to the Government of Slovakia, the Kuriskova project is not known to be subject to any royalties, back-in rights, payments, or other agreements and encumbrances. The Government of Slovakia is entitled to a royalty to be paid as a percentage of net profit. The royalty rate is

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10%.

Subject to confirmation in future technical studies, the Company assumes that water and power infrastructures will be available.

History

The Company acquired the Kuriskova uranium licence and surrounding claims on June 7, 2005. The Company commenced its initial drill program on the property in September 2005.

Uranium mineralization was originally discovered at Kuriskova in 1985. Up to the time of the demise of the Soviet Union in 1989, all uranium exploration and mining in Czechoslovakia was conducted by state-owned organizations. In 1993 the state of Czechoslovakia split into the countries of the Czech and Slovak Republics. Work on state funded projects such as the Kuriskova deposits stopped in 1996 when the country returned to a market economy system and the state was unable to keep funding its mining projects.

Geology

The Kuriskova uranium deposit is part of a belt of largely strata-bound uranium-molybdenum deposits hosted in a sequence of Permian-age meta-volcanic/sedimentary rocks in eastern Slovakia. The Kuriskova deposit is blind and is covered by thick soils and extensive forest cover. The deposit has a northwest-southeast strike, and a variably steep-moderate southwest dip (60 degrees in the upper part, 47 degrees in the lower part). The overall dimensions of the main zone of the deposit, established by drilling, start about 120 metres below the surface and extend to a depth of approximately 650 metres below the surface. The deposit has been defined as approximately 650 metres along strike by 530 metres down-dip with variable thickness.

Uranium and molybdenum mineralization is localized along the contact of overlying (younger) metamorphosed volcanic rocks and an underlying (older) unit of metamorphosed sediments (shales and quartzites). Most of the mineralization occurs within an andesitic volcanic unit and is only rarely observed in the underlying sediments. Uranium mineralization is detectable with a hand-held scintilometer and by outcrops along the meta-andesite – meta-sediment contact above the deposit.

Politics and Environment

The Government of Slovakia is very supportive of the expansion of nuclear power. Opposition to nuclear power and uranium mining by non-governmental organizations has been noted as is typical for projects of this nature. The Company is addressing these concerns through public consultation and is actively meeting with local community members to assess any concerns they might have, and expects to conduct environmental and social impact studies during 2008. The Company would not proceed to development unless it was confident that the project would comply with environmental requirements.

URANIUM - NOVOVESKA HUTA, SLOVAKIA (100% interest)

Resource

During calendar 2008, the Company expects to complete an initial resource estimate based on NI 43-101 standards. The resource estimate will include the results of a 9-hole, 4,100-metre diamond drilling program conducted in 2006 and 2007 and may also include results of a planned 4-hole, 2,000 metre drilling program for the first half of 2008. These drilling programs are intended to twin historical information including more than 40 surface drill holes and 662 underground chip samples collected by the property's previous owners.

During calendar 2007 the Company completed an airborne radiometric survey of all of its uranium properties in Slovakia, including Novoveska Huta. In addition to highlighting known anomalies, the survey

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identified new targets that require follow-up. In early 2008, the Company will conduct ground testing to define new targets for further exploration and potential drilling.

The Company acquired Novoveska Huta, consisting of 21.5 km² in a single exploration licence, in June 2005. The property, once a producing copper mine with open pit and underground operations, was shut down in the early 1990's due to low commodity prices and the collapse of the former socialist economy. The previous owner completed underground development exceeding 5,500 metres on five vertical levels. The Company believes it has no asset retirement obligations relating to the Spisska Nova Ves mining licence.

| Novoveska Huta Historical Uranium Deposit (Uranovy Prieskum, 1985) Slovak Resource Category ⁽¹⁾ | | |
|--|---|--|
| Tonnes | Uranium ⁽²⁾ U ₃ O ₈ % | Uranium lbs U ₃ O ₈ |
| 12,000,000 | 0.075 | 19,970,000 |

(1) The Company has reviewed the above historical resource estimates and views them relevant. The Company believes that the historical resource estimates are reliable based on the historic exploitation of Slovak deposits in general and metallurgical test records acquired with the Company's deposits in particular. The above Slovak Resource Category is a combination of P and Z-3, which is roughly analogous to the Canadian Institute of Mining, Metallurgy and Petroleum's definition for Inferred Resources. The Company has not, however, done the work necessary to verify the classification of the resources and the resources are not classified according to CIM's Standards on Mineral Resources and Reserves Definitions. Investors are cautioned not to rely upon these estimates.

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

URANIUM – SPISSKA TEPLICA, SLOVAKIA (100% interest)

Property Description and History

The Company has a 100% interest in the Svabovce and Spissky Stiavnik deposits in eastern Slovakia. There are at least seven documented occurrences of Permian sandstone-hosted uranium mineralization within the 45 square kilometres Spisska Teplica exploration licence. These include two partially mined-out underground mine occurrences that host historically estimated uranium resources. A digital database of historical exploration, development and mining information is currently under consideration.

Both the Svabovce and the Spissky Stiavnik historical estimates were completed by Uranovy Prieskum in 1968 and 1970. The historic resource estimate gave the following results:

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| Historical Uranium Deposits (Uranovy Prieskum, 1968-70 ⁽¹⁾) Slovak Resource Category | | | |
|---|---|-----------|--|
| | Uranium ⁽²⁾ U ₃ O ₈ % | Tonnes | Uranium lbs U ₃ O ₈ |
| Svabovce | 0.224 | 1,489,000 | 7,350,000 |
| Spissky Stiavnik | 0.200 | 294,000 | 1,300,000 |

The historical estimates were completed using a block model method and a cutoff grade of 0.015%.

(1) The Company has reviewed the above historical resource estimates and views them relevant. The historic exploitation of Slovak deposits in general and metallurgical test records acquired with the Company's deposits in particular suggests the reliability of the historical resource estimates. The above Slovak Resource Category is a combination of P and Z-3, which is roughly analogous to the CIM definitions for Inferred Resources. The Company has not, however, done the work necessary to verify the classification of the resources and the resources are not classified according to the Canadian Institute of Mining, Metallurgy and Petroleum's Standards on Mineral Resources and Reserves Definitions. Investors are cautioned not to rely upon these estimates.

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

Exploration

The Company plans to catalogue and interpret historic data from the deposits within the Spisska Teplica exploration licence, with the intent of using this data to form the design basis of an exploration program.

URANIUM – USA

Sweetwater Option Agreement and Buyout

The Company, through its option agreement with Sweetwater River Resources LLC ("Sweetwater"), is actively exploring for uranium in the USA in Wyoming, Arizona and South Dakota, where it has more than 56,000 acres of Federal lode mining claims and State leases. Annual claim fees are approximately US\$375,000. The South Dakota and Wyoming properties are situated in close proximity to each other along the border between the two states.

In June, 2005, the Company entered into an option agreement with Sweetwater to acquire up to a 100% interest in Sweetwater's Wyoming uranium properties and additional properties acquired by Sweetwater subject to the Company's pre-approval.

The Company paid US\$140,000 and issued 200,000 common shares to Sweetwater, and is required to make anniversary payments of US\$25,000 (paid), US\$50,000 (unpaid), and US\$50,000 at the end of the first, second, and third years respectively, to earn an 85% interest in the claims. The Company would then have the right to purchase the remaining 15% interest in the claims by making a payment to Sweetwater in cash or shares, based on an independent valuation.

In October 2007, the Company entered into an agreement to acquire 100% ownership of its USA uranium properties from Sweetwater (the "Sweetwater Buyout"). Prior to closing the Sweetwater Buyout, the Company's interests in the properties are held through its option agreement with Sweetwater. The US\$50,000 payment owed to Sweetwater in June 2007 has been waived. Closing of the acquisition will take place on the earlier of the Canada Revenue Agency ("CRA") notifying the Company that the completion of the acquisition will not prejudice the Company's application for a favourable advance tax ruling in respect of its proposed reorganization announced May 28, 2007 (the "Reorganization") or upon the closing of the Reorganization.

Upon closing, the Company is obligated to make cash payments of \$592,000 and US\$50,000, of which \$100,000 will be placed in escrow and, in addition, the Company will also issue 340,000 shares to Sweetwater. The escrowed monies will be released to Sweetwater upon rectification of certain minor deficiencies in land tenure reports, which is expected to occur within three months. Pursuant to regulatory requirements, the common shares issued upon closing will be subject to a four-month hold period. In

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December 2007, the CRA notified the Company that the completion of the Sweetwater Buyout will not prejudice the Company's application for a favourable advance tax ruling in respect of the Reorganization. The Company and Sweetwater have agreed to extend the Sweetwater Buyout to February 15, 2008.

Exploration

The Wyoming property consists of 1,481 claims on 30,597 acres and two leases on 239 acres. The leases are close to former producing mines or in situ leach operations. During calendar 2007 the Company completed 6,510 metres in 34 rotary holes of a planned 71-hole, 17,313-metre program on the Cyclone Rim claims and 7,581 metres in 56 rotary and core holes on the UT claims. The Company plans to explore on its claims in Wyoming in 2008.

On January 15, 2008, the Company disclosed that it encountered uranium in 15 of the 49 rotary holes on the UT claims. Highlights from the gamma log radiometric readings included one hole with 0.076% eU308 over 3.1 metres, another hole with 0.050% eU308 over 3.4 metres and a third hole with 0.067% eU308 over 3.1 metres. The term eU308 refers to the radiometric equivalent of uranium content.

Management believes the mineralized intercepts represent portions of at least two shallow roll fronts which may be extractable by surface mining or by in-situ recovery ("ISR") methods. A roll front is a crescent-shaped deposit formed in saturated, permeable sandstones. Groundwater flows through these host rocks carrying dissolved uranium and other metals such as molybdenum, vanadium, selenium and arsenic. These metals precipitate out when the groundwater flow crosses an oxidation/reduction interface in the sandstone.

Further exploration of the area is planned. The Company has drilled seven core holes to twin the rotary holes containing the most significant mineralization. The Company drilled step-out holes along the southern continuation of the UT mineralization for analysis.

In Arizona, in calendar 2007, the Company encountered technical problems while using rotary air/foam drilling to locate breccia pipe geological structures. The Company is converting the program to diamond drilling and may drill some of its high priority targets early in calendar 2008. The Arizona property consists of 618 claims on 12,768 acres and 37 leases on 7,853 acres.

In South Dakota, the Company has acquired and is reviewing historical uranium exploration data, including results of 900 holes drilled by others. The Company's plan for South Dakota will depend on the analysis of this data. The South Dakota property consists of 256 claims on 5,289 acres in the Southern Black Hills district. Uranium was produced on this property intermittently from the early 1950's until the late 1960's.

The Company has retained the project management and staffing services of Cowboy Exploration LLC, a Wyoming-based geological consulting company with operational expertise throughout the western USA.

In fiscal 2007, the Company provided reclamation deposits of \$926,559 (US\$930,000) with USA Government agencies and assumed legal obligations for site restoration and clean-up costs on the Arizona and Wyoming properties. Settlement of these obligations is expected to occur in fiscal 2008 or 2009.

GOLD – KREMNICA, SLOVAKIA (100% interest)

Reserve and Resource

The Kremnica gold deposit has a probable reserve of gold and silver as well as a measured and indicated resource of gold and silver. The probable reserve consists of 730,500 ounces of gold and 5,781,400 ounces of silver in 16,229,000 tonnes of material grading 1.40 grams of gold per tonne and 11.08 grams of silver per tonne, based upon 6,000 tonnes per day of production. The measured and indicated resource, using a 0.5 grams AuEq per tonne cut-off, consists of 1,040,629 ounces of gold and 8,634,180

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ounces of silver contained in 23.6 million tonnes at an average grade of 1.37 grams gold per tonne and 11.36 grams silver per tonne. There is an additional inferred resource of 344,961 ounces of gold and 2,135,151 ounces of silver contained in 10.6 million tonnes at an average grade of 1.01 grams gold per tonne and 6.27 grams silver per tonne.

The reserve and resource are based on a pre-feasibility study of Kremnica prepared by Beacon Hill Consultants (1988) Ltd. of Vancouver. The Company filed the final version of the pre-feasibility study on SEDAR dated on July 13, 2007.

Kremnica Gold Deposit, Resource Estimate (Beacon Hill, July 2007)

| Category | Cut-off Grade g/t AuEq | Tonnes | Au g/t | Ag g/t | AuE g g/t (1) | Au Ounces | Ag Ounces | Au Equivalent Ounces |
|------------------------|---------------------------|------------|-----------|-----------|---------------------|--------------|--------------|----------------------------|
| Measured | 0.50 | 8,228,885 | 1.61 | 13.32 | 1.81 | 425,157 | 3,525,070 | 478,070 |
| Indicated | 0.50 | 15,413,258 | 1.24 | 10.31 | 1.40 | 615,472 | 5,109,110 | 691,786 |
| Measured +Indicated | 0.50 | 23,642,143 | 1.37 | 11.36 | 1.54 | 1,040,629 | 8,634,180 | 1,169,856 |
| Inferred | 0.50 | 10,591,781 | 1.01 | 6.27 | 1.11 | 344,961 | 2,135,151 | 376,972 |

(1) AuEq is based upon 66.7:1 Au:Ag.

The resource is located within a zone called Sturec. The resource estimate includes the results of 41 infill reverse circulation drill holes completed by the Company in 2005 as well as 79 historical diamond drill holes, 3,148 historic underground samples and 21 historic underground drill holes. In addition, nine bench channels were sampled that yielded a total of 317 individual samples. Drill hole spacing was reduced from approximately 100 metres by 50 metres to 50 metres by 50 metres during the 2005 infill drilling program.

The pre-feasibility study's base case indicates that the project could recover 674,437 ounces of gold with an internal after tax rate of return (IRR) of approximately 13%, assuming a gold price of US\$525 per ounce and a silver price of US\$9.25 per ounce. The pre-feasibility study also indicated an IRR of 26% assuming a gold price of US\$675 per ounce. The Company is progressing with its efforts to optimize the project's economics.

Next Steps

Before the end of calendar 2008 the Company expects to decide whether to commission a feasibility study for the Kremnica gold project. In May 2007, to prepare for the decision, the Company commenced base line data gathering for environmental purposes including 62 drill holes designed to gather information about the property. The Company completed approximately 65% of the drilling by the end of calendar 2007. The drilling is in support of a groundwater monitoring program, the detailed open pit design and the siting of the tailings facility and the processing plant.

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Kremnica Gold Project pre-feasibility study summary (Beacon Hill, May 2007)

| | | |
|--|---------------------------------------|---|
| Gold Recovered (life of mine) | 674,500 ounces | |
| Silver Recovered (life of mine) | 3,739,000 ounces | |
| Gold Price Used | US\$525/oz | |
| Silver Price Used | US\$9.25/oz | |
| | | |
| Capital Cost (millions) | US\$106.2 | |
| Ongoing Capital and Reclamation (millions) | US\$24.2 | |
| Operating Cost per Gold Equivalent Ounce | US\$227.00 | |
| | | |
| Production Rate (tonnes milled per day) | 6,000 | |
| Strip Ratio (Ore to Waste) | 1.61 | |
| Metallurgical Recovery (Gold) | 93.0% | |
| Metallurgical Recovery (Silver) | 66.0% | |
| | | |
| Mine Life | 7.7 years | |
| Approximate Payback Period | 4.4 years | |
| | Gold Price (US\$ per ounce) | Cash flow (After Tax) (US\$ millions) |
| | \$375 | (\$12,617) |
| | \$425 | \$17,198 |
| | \$475 | \$46,802 |
| | \$525 (Base Case) | \$75,028 |
| | \$575 | \$101,895 |
| | \$625 | \$128,762 |
| | \$675 | \$169,063 |
| | | IRR |
| | | -2.55% |
| | | 3.29% |
| | | 8.53% |
| | | 13.08% |
| | | 17.07% |
| | | 20.79% |
| | | 26.00% |

Title, Location, Access and Infrastructure

The Kremnica project comprises two contiguous properties: the Kremnica mining licence and the Lutilla exploration licence, which, based on the Slovak JTSK coordinate system, are 11.79 km² and 86.38 km² in area, respectively. The mining licence and exploration licence have been legally surveyed, are contiguous and cover all known mineralized areas within the Kremnica district.

The property is comprised of the Kremnica mining licence and also the Lutilla and Vyhne exploration licences, which expire in March 2008 and February 2009, respectively, with Company renewal options. Aggregate licence fees and work commitments are up to approximately \$91,000 per annum.

The Mining Licence, called MHD-D.P.12, expires in June 2009 with Company renewal options. All known mineral resources, as well as potential areas for future operations, waste rock disposal, tailings dam sites, and processing plant sites, are contained within the mining and exploration licences. According to the mining licence, the Mining Bureau permits new mining projects. The current permit allows only for protection and preservation of the old mine workings and is valid until December 2010, after which a new permit for work must be obtained.

With the exception of a royalty payment to the Government of Slovakia, the Kremnica project is not known to be subject to any royalties, back-in rights, payments, or other agreements and encumbrances. The Government of Slovakia is entitled to a royalty of 5%.

Attached to the Kremnica gold mining licence is an asset retirement obligation of \$59,133 as at September 30, 2007. The primary obligation is for the restoration of the previously-mined open pit. Based on the Company's mine development plans, settlement of this liability is expected to occur in 2022. The total undiscounted amount of estimated cash flows to settle obligation is estimated to be \$911,000. This

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amount was discounted at a credit-adjusted risk-free rate of 20% to estimate the fair value of \$59,133.

The Kremnica property is located in central Slovakia, approximately 190 km northeast of Vienna, Austria (a four-hour drive). The town of Kremnica (pop. 6,000) and several hundred privately owned properties lie within the boundaries of the mining licence. The town is 17 km west of central Slovakia's largest city, Banska Bystrica and is accessible by train from Bratislava, the capital and largest city in Slovakia. Paved roads and a network of old mining and forestry tracks service the property.

The core of the mining area has been set aside by the township for the purpose of mining and a very limited number of houses exist in this core area. Virtually all of the land required for the proposed project belongs to the Town of Kremnica, State Land Fund, or the State Department of Forestry. Negotiations with the State for mining rights to these lands are expected to be straightforward. It is likely that a future mining operation would consider purchasing some privately owned land. Current legislation in Slovakia provides for State resumption of surface rights for the purpose of mine development. This court-ordered process is intended to prevent a landowner(s) from halting the development of a mining project that is beneficial to the State.

High voltage power lines pass through the margins of the mining lease, and connection to the national grid is possible. A network of historic water storage impounds associated with the mining history of the area may provide an adequate water supply. The property is large enough for and has potential sites for waste rock disposal, tailings dam sites, and a processing plant.

History

Gold mining commenced at Kremnica as early as the 8th century and is relatively well documented from the year 1328 forward. Production has totalled 46,000 kg (1.5 million ounces) gold and 208,000 kg (6.7 million ounces) silver. Production was from open pits and underground mine workings.

Extensive underground mining occurred within an area 4 km long x 2 km wide. The largest relic of past mining is a surface depression in the Sturec area measuring 600 m long x up to 200 m wide x 100 m deep. The district is pockmarked with hundreds of pits, collapsed shafts, and adits.

From 1987 to 1992 Kremnica had an open pit mine but it was abandoned as unprofitable. The mine produced 50,028 tonnes averaging 1.54 g/t gold. The ore was treated in a cyanide mill located in the town of Kremnica that operated at about 30 tonnes per day. At the time of abandonment, the price of gold was trading in the range of US\$330 per ounce to \$360 per ounce. The Company acquired the property in 2003.

Geology

The predominant host rock in the Kremnica district is Tertiary andesite. It occurs as flows with minor interbedded tuffs and breccias. Diorites have been intersected in some drill holes and are thought to be both pre- and post-andesite. Rhyolite dikes are localized in north-south and southeast-striking structures. Rhyolite is relatively rare in the deposit, occurring as narrow dikes at the north end of the deposit and at depth. The Tertiary volcanic sequence overlies Mesozoic limestone, which has been detected in some of the deeper drill holes in the district. These rocks are cut by north- to northeast-striking, steeply dipping faults that form a series of horsts and grabens.

There are two major vein systems at Kremnica. The principal system, called the "First Vein System", strikes north to north-northeast through the centre of the district, and is the focus of the exploration activity. The "Second Vein System" is underneath the town of Kremnica and consists of north and northwest-striking veins. Due to its location beneath the town of Kremnica, the second vein system is not considered a viable exploration target.

Politics and Environment

There is opposition to mine development by non-governmental organizations and a number of residents of

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the town of Kremnica. The Company is addressing these concerns through public consultation and education, largely through the community information office established in Kremnica in June 2007. The Company is committed to acquiring a social licence to operate and to the sustainability of mining in the area. The Company has engaged Golder Associates, an international civil engineering firm, to conduct the baseline environmental work at Kremnica.

A primary environmental objective for mine development, operations and post-mining reclamation is to protect the regional groundwater and surface waters through proper location, construction and maintenance of the tailings storage facility (TSF) as well as constructing a cyanide destruction facility in the process plant. The Company believes the Kremnica project has an appropriate TSF location that complies with Slovakian environmental legislation. The site is generally grassed with only a small portion of forest. The environmental impacts are expected to be relatively low.

The proposed TSF location also has other advantages, including the following:

- It is within a valley, and therefore generally hidden from view;
- The catchment area above the impoundment is relatively small, and water management will have lower costs than other options;
- It is close to the open pit, to avoid excessive costs for tailings delivery and hauling of waste rock; and
- It is downhill from the proposed plant, allowing gravity flow of the tailings.

The primary objective of the closure and reclamation initiatives will be to transform the plant and waste facility sites into an integrated component of the surrounding ecosystem, mimicking the pre-mining usage of this area. There is potential to add value to the pre-mining use of the area during closure. For example, a sports field could be built on the tailings impoundment or tourist facilities could be erected at the mine site. Ongoing public consultation on this issue will be considered when discussing mine closure. The TSF closure design will be required to maintain long-term physical and geochemical stability, to protect the downstream environment, and to manage surface water.

Upon mine closure, surface facilities will be removed in stages and full reclamation of the TSF will be initiated. General aspects of the closure plan include:

- Revegetating the embankment face using topsoil stockpiled from stripping activities immediately after construction of the final embankment;
- Selectively discharging tailings around the TSF during the final years of operations to establish a final tailings beach that will facilitate surface water management and reclamation;
- Dismantling and removing the tailings and reclaim delivery systems and all pipelines, structures, and equipment not required beyond mine closure;
- Removing and possibly treating excess ponded water within the impoundment;
- Constructing a dry engineered cover over the tailings surface. The excess clean waste rock will be used to cover the tailings surface followed by a layer of topsoil;
- Removing the seepage monitoring system when water quality is shown to be acceptable;
- Removing and regrading all access roads, ponds, ditches, and borrow areas; and
- Ensuring the long-term stabilization of all exposed erodible materials.

GOLD – CURRAGHINALT, NORTHERN IRELAND (100% interest)

Resource

The Curraghinalt gold deposit has an indicated resource of 250,000 ounces of gold contained in 570,000 tonnes of material with an average grade of 13.95 grams of gold per tonne and an inferred resource of 350,000 ounces of gold contained in 640,000 tonnes of material with an average grade of 17.15 grams of gold per tonne based on a cut-off of six grams of gold per tonne and a minimum vein width of one metre.

The resource estimate, which the Company disclosed in December 2007, is from a study prepared by

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independent consultant Micon International Limited of Toronto. The final version of the resource study was filed on SEDAR on January 17, 2008.

The resource estimate is based on 264 drill holes with hole spacing ranging between 30 and 100 metre centres. The study incorporated results from a 24-hole, 11,934-metre drilling program conducted by the Company in calendar 2006 and calendar 2007 which confirmed that the mineralized resource zone extends a further 300 metres to the southeast and remains open. Deep drilling to the northwest confirms that all the primary resource veins are present, and several new veins have been identified. A detailed structural review has considerably enhanced the Company's understanding of the deposit.

Curraghinalt Gold Deposit, Indicated & Inferred Resource (Micon, November 2007)

| Indicated Resources | | | Inferred Resources | | |
|---------------------|-------------|---------|--------------------|-------------|---------|
| Tonnes | Grade (g/t) | Ounces | Tonnes | Grade (g/t) | Ounces |
| 570,000 | 13.95 | 250,000 | 640,000 | 17.15 | 350,000 |

Cut-off Grade 6 g/t gold, > 1m Thickness

Next Steps

The Company believes the Curraghinalt property has substantial exploration potential and intends to continue adding to and upgrading the current inferred and indicated resource by conducting an active exploration program. For calendar 2008, the Company plans an additional diamond drilling program of up to eight holes totalling 4,000 metres.

Title, Location, Access and Infrastructure

The Curraghinalt property consists of approximately 346 square kilometres (roughly 34,600 hectares) contained in two contiguous "Prospecting" Licences (UM1/08 and UM 2/08), which expire in January 2010 with Company renewal options. The licences are located in County Tyrone in Northern Ireland, approximately 15 kilometres northeast of the town of Omagh (pop. 17,000) and 127 kilometres west of Belfast (a 1.5 hour drive).

The mineral rights conferred by the licences are held in the name of Dalradian Gold Limited (formerly Ulster Minerals Limited) under terms of Licence Agreements with the Government of Northern Ireland (Department of Enterprise Trade and Investment) for base metals, and the Crown Estate Commission for precious metals. Production is subject to a 2% net smelter royalty payable to Minco plc. Aggregate licence and work commitments are up to approximately \$1,550,000 per annum.

Highways, public roads, private roads and local farm tracks provide access to and run within the property boundaries. Within the property boundaries there are ample sources of water. A major power line substation is located at Plumbridge, approximately nine km northwest of the property and roughly six km north of the village of Gortin. The claim block is sufficiently large for the location of mine infrastructure requirements such as mill and office buildings, waste dumps and tailings storage areas.

History

In November 2002, the Company signed a letter of agreement to acquire up to 75% interest in the two Prospecting Licences. A further agreement dated February 12, 2004 consolidated the Company's interest to 100% in both licences through an acquisition by the Company of Ulster Minerals, which at that time was Strongbow's wholly-owned subsidiary. Closing took place on December 16, 2004. Consideration for the acquisition of Ulster Minerals was 5,000,000 common shares at their fair value of \$2,350,000. In 2007, the Company issued a further 500,000 common shares to Strongbow to terminate Strongbow's rights to future share or cash payments from the Company.

The Company began exploration work on the property in April 2003. Since then the Company has completed a detailed project compilation and review of the historical database, performed underground

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mapping, structural analysis, soil geochemical surveys, infill and step-out drilling and limited geophysical surveys over the entire Curraghinalt vein system. In addition, numerous other promising targets have been identified that may expand the currently defined resource.

Previous exploration at Curraghinalt in the 1980's and 1990's consisted of more than 17,000 metres of drilling and 697 metres of underground development work as well as extensive surface trenching.

Geology

Curraghinalt is a high-grade mesothermal quartz-sulphide gold vein system. The geology of the property consists primarily of a sequence of meta-sedimentary rocks consisting of pelites, semi-pelites, and psammites. Gold occurs in quartz veins ranging in thickness from a few centimetres to over three metres (average width approximately 1.2 metres) within a west-northwest trending vein swarm.

Politics and Environment

The Company intends to conduct appropriate environmental studies and would not proceed to development unless it was confident that the project would comply with environmental requirements. The Company has been advised that the Owenkillew River has been designated by the Government of Northern Ireland as an Area of Special Scientific Interest due to the presence of certain flora and fauna. The river drains that part of the property containing the Curraghinalt gold deposit via the Curraghinalt and Attagh Burn streams and the Glenlark River.

GOLD – NEVADA, USA

Property Description and Exploration

The Company's USA gold exploration properties are in Nevada, where in calendar 2007 the Company completed 18 reverse circulation drill holes totalling 2,168 metres in the initial exploration of two areas of mineral claims known as the Fireball Ridge and Gypsum Valley properties. The Company expects to complete an assessment of the results in early calendar 2008.

The Company has an option to earn a 51% interest in each of the Nevada exploration properties under the joint venture agreement with AuEx Ventures Inc. (TSX-V: XAU) of Reno, Nevada dated June 8, 2006. The June 2006 agreement covers an area of interest of almost 400 square kilometres (150 square miles). The Company is the operator of the joint venture, and has retained the project management and staffing services of Cowboy Exploration of Wyoming, a company related to AuEx. AuEx is providing technical expertise and operational assistance to the joint venture as well.

Fireball Ridge and Gypsum Valley are epithermal gold and gold-silver prospects. Also covered in the area of interest is a mesothermal meta-volcanic hosted gold-silver property of likely intrusive-related origin, called the Jessup West prospect. The three properties are contained within a land package of approximately 65 square kilometres (16,000 acres), located 20 miles northeast of Fernley in Churchill County, Nevada.

The Company paid AuEx US\$35,000 on execution of the agreement and is required to fund a minimum aggregate US\$100,000 of exploration in year one of the agreement, a minimum aggregate US\$250,000 in year two, and a minimum US\$150,000 in year three. To earn the 51% interest, the Company must incur US\$1,000,000 of exploration costs by June 2011 on each project to be retained. The Company incurred exploration costs of approximately US\$300,000 in year one of the agreement.

Upon vesting of an interest, the Company may then elect to earn an additional 9% interest (60% total) by spending an additional \$1,000,000 within three years on each property vested and may earn an additional 10% interest (70% total) by funding all expenditures through completion of feasibility studies and by arranging project financing. At that point both parties will contribute financially to operations according to their respective share of ownership.

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The Company may acquire a 51% interest in additional properties within the area of interest by making a one-time payment to AuEx of US\$10,000 and funding aggregate expenditures of US\$500,000 in exploration on the new properties, within five years from the date of identifying the properties. Minimum aggregate exploration expenses of US\$50,000 per year would be required to be made on these additional properties during the five-year period.

QUALIFIED PERSON AND QA/QC

The Company's Chief Operating Officer, Michael Mracek, PEng, a Qualified Person as defined by NI 43-101, has reviewed and approved the exploration information in this MD&A. The Company's Vice President, Technical Services, Joseph Ringwald, PEng, a Qualified Person as defined by NI 43-101, has reviewed and approved the resource and reserve disclosures contained in this MD&A.

The Company has a Quality Assurance/Quality Control (QA/QC) protocol in place for its ongoing drilling, rock, soil, and stream sediment sampling programs as part of all geochemical sampling, sample preparation, sample shipping and sample analysis and compilation procedures. QA/QC procedures include chain-of-custody protocol and systematic submittal of blanks, duplicates and registered standards as part of every sample shipment to the analytical laboratory.

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

The following tables provide a brief summary of the Company's financial operations. For more detailed information, refer to the consolidated financial statements.

SUMMARY OF FINANCIAL RESULTS - COMPARISON OF THE 13 MONTHS ENDED SEPTEMBER 30, 2007 WITH THE YEAR ENDED AUGUST 31, 2006

| | 13 Months Ended September 30, 2007 \$ | Years Ended August 31, 2006 \$ | August 31, 2005 \$ |
|------------------------|--|---|-----------------------------------|
| Total assets | 68,738,416 | 61,105,539 | 13,932,722 |
| Exploration properties | 33,153,831 | 16,580,090 | 9,438,618 |
| Shareholders' equity | 64,582,260 | 59,509,117 | 13,373,058 |
| Net loss | (7,278,971) | (8,709,403) | (2,967,988) |
| Loss per share | (0.06) | (0.10) | (0.05) |

Overview

The annual financial results reflect the Company's recent growth. Since August 31, 2005, assets have increased by \$54,805,694 and shareholders' equity by \$51,209,202 as the Company's share capital increased by \$60,478,891. Over this same period the carrying value of the Company's exploration properties increased by \$23,715,213 as the Company acquired and developed uranium properties in Slovakia and the USA and continued work on its gold properties, Kremnica and Curraghinalt.

For the periods presented, the Company had no revenues and did not declare any dividends. The Company incurred a net loss of \$7,278,971 or \$0.06 per share in fiscal 2007, a decrease of \$1,430,432 from the fiscal 2006 net loss of \$8,709,403 or \$0.10 per share. Operating expenses decreased by \$530,095 and net other items increased by \$900,337. The weighted average number of common shares increased to 115,491,071 in 2007 from 86,999,112 in 2006 as a result of the private placements in fiscal 2006.

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Stock-Based Compensation

| | Change \$ | 13 Months Ended September 30, 2007 \$ | Year Ended August 31, 2006 \$ |
|---|--------------|---|--|
| Employees and directors | (3,389,119) | 2,414,610 | 5,803,729 |
| Non-employees | (29,059) | 1,050,907 | 1,079,966 |
| Total stock-based compensation cost | (3,418,178) | 3,465,517 | 6,883,695 |
| Less: capitalized to exploration properties | 334,160 | (651,951) | (986,111) |
| Stock-based compensation expense | (3,084,018) | 2,813,566 | 5,897,584 |

Employee and director stock options are measured at their fair value on the grant date and recognized over the vesting period. Non-employee stock options are measured at their fair value on date of vesting. Prior to vesting, non-employee stock options are recognized based on the service provided to the reporting date and at their then-current fair values, which are correlated to changes in the Company's stock price and its volatility. The costs of stock-based compensation are allocated between the statement of loss as stock-based compensation expense and the balance sheet as capitalized exploration property costs.

The total cost of stock-based compensation decreased by \$3,418,178 to \$3,465,517 in 2007 compared with \$6,883,695 in 2006. This decrease was mainly due to the decrease in the number of options granted to 2,245,000 in 2007 from 7,315,945 in 2006. The Company made significant option grants upon closing of the \$45,250,150 private placement in February 2006. The decrease in option grants was partially offset by the fair value of grants as the weighted average grant date fair value per option increased to \$1.67 in 2007 from \$1.32 in 2006. Stock-based compensation capitalized to exploration properties decreased by \$334,160 for similar reasons.

Salaries and Consulting Fees

Salaries and consulting fees increased by \$362,572 to \$2,230,074 in 2007 from \$1,867,502 in 2006. Excluding bonuses of \$855,000 paid in 2006, the increase was \$1,217,572. The Company has also hired new employees and consultants as it expands its operations. A portion of the increase is also due to the 13 month period in 2007.

Other Significant Operating Expenses

Legal and professional fees increased by \$755,122 to \$1,011,531 in 2007 from \$256,409 in 2006. The audit, accounting and legal costs of restating the Company's financial statements were approximately \$200,000 in 2007. As a US registrant, the Company incurred incremental consulting and audit costs in fiscal 2007 of approximately \$175,000 related to the internal control over financial reporting provisions of the Sarbanes-Oxley Act. These costs are expected to decrease in fiscal 2008. Legal and audit fees have increased due to the expansion of the scope and complexity of the Company's activities.

Public, government and investor relations expenses increased by \$307,704 to \$939,768 in 2007 from \$632,064 in 2006. The Company significantly increased its Slovakian costs to further the development of its projects. These costs are expected to increase in the future as the Company accelerates its development activities to bring its projects to production.

Property investigations and corporate development expenses increased by \$629,616 to \$874,476 in 2007 from \$244,860 in 2006. The increase is due to the pursuit of an investment opportunity in Eastern Europe.

Administration expenses increased by \$241,564 to \$707,924 and travel expenses increased by \$183,447 to \$497,840 due to increases in costs for the Company's head office and other costs to support the increased number of employees.

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Other Statement of Loss Items

Interest income from the Company's bank deposits and short-term investments increased to \$1,770,080 from \$1,043,765 in 2006. These interest-bearing assets were funded by the February 2006 private placement of \$45,250,150. The accrual for interest on withholding taxes of \$150,000 in 2006 was reversed in 2007, resulting in an income credit of \$121,100 as the Company reached settlement with the Canada Revenue Agency ("CRA"). Foreign exchange losses were \$31,866 in 2007 compared to \$497,864 in 2006 as the Company incurred foreign exchange losses on its US Dollar denominated short-term investments in 2006. Recovery of a note receivable of \$708,720 (US\$600,000) in 2006 related to final settlement on a promissory note fully provided in 2001.

Deferred Reorganization Costs

In 2007 the Company announced it will seek shareholder approval for the reorganization of its capital structure and separation of the ownership, management and financing of its uranium and precious metal assets. The Company filed an advance tax ruling with the CRA in June 2007. The Company expects to receive a CRA decision in early 2008. As at September 30, 2007, the Company has incurred legal and consulting costs of \$108,793, which have been deferred on the balance sheet. Should the reorganization occur, the Company will incur significant professional fees to effect the reorganization.

Uranium Exploration Properties

Uranium exploration costs capitalized in the 13 months ended September 30, 2007 were \$9,371,874 compared with \$2,725,566 in the year ended August 31, 2006. The total uranium exploration property balance was \$12,314,473 at September 30, 2007.

Expenditures on the Kuriskova property were \$3,671,599 for the 13 month period in 2007 compared with \$1,746,686 in the year ended August 31, 2006. Drilling and assay costs were \$2,298,291 in fiscal 2007 compared with \$1,175,077 in 2006. These costs related to approximately 6,000 metres drilled to September 30, 2007 of the Company's 10,000-metre diamond drill program. The total cost of the Company's 2007 airborne survey of \$850,000 was apportioned between the Kuriskova and the other Slovakian uranium licences such that Kuriskova's mapping and surveying costs were \$604,337 in 2007. The Company's actual expenditures were greater than those estimated in its May 16, 2006 prospectus due to both increases in drilling rates and number of metres drilled.

Other Slovakian uranium property costs capitalized for fiscal 2007 were \$1,644,032 compared with \$52,204 in 2006. The 2007 costs were mainly for the drill program for the Novoveska Huta property and the airborne survey.

In fiscal 2007 the Company capitalized costs of \$4,056,243 to its USA uranium exploration properties compared with \$926,676 in 2006. These costs are pursuant to the Sweetwater River Resources LLC option agreement. Personnel, geological consulting and travel costs and drilling and assay costs increased significantly as the Company commenced its drilling programs in 2007. Licence and permit costs increased to \$898,942 in 2007 from \$358,684 in 2006 as Sweetwater acquired new claims in Arizona and Wyoming.

Gold Exploration Properties

Gold property exploration costs capitalized in the 13 months ended September 30, 2007 were \$6,953,242 compared with \$4,356,558 for the 12 months ended August 31, 2006. The carrying value was \$20,306,427 as at September 30, 2007.

Expenditures on the Kremnica gold property were \$3,239,535 in 2007 compared with \$3,893,679 in 2006. Drilling and assay costs in 2007 were \$875,572 for exploration drilling of approximately 800 metres on Kremnica South. The costs of studies and evaluations were \$530,352 in 2007 and primarily for the pre-feasibility study announced in May 2007.

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Expenditures on Curraghinalt were \$3,171,450 in 2007 compared with \$315,768 in 2006. The 2007 amount includes \$1,407,850 in acquisition costs. In February 2007, the Company renegotiated the purchase and sale agreement related to its wholly-owned subsidiary, Dalradian Gold Limited, which holds the Company's Curraghinalt mineral exploration licences. The Company issued 500,000 common shares (fair value of \$1,400,000) to Strongbow Exploration Inc. as consideration to terminate the Company's remaining contingent common share and income tax benefit obligations to Strongbow. Drilling and assay costs were \$833,670. The Company's 2,395 metre infill drill program was completed, confirming that mineralization extends on strike.

Other Exploration Properties

Exploration costs capitalized for the 13 month period ended September 30, 2007 of \$248,625 were for the Brehov property and were mainly for the cost of one drill hole.

In February 2007, the Company entered into an option agreement with New Cantech Ventures Inc. ("Cantech") to dispose of an undivided 70% right, title and interest to certain of the Company's claims in British Columbia, Canada. The Company received \$25,000 and 50,000 common shares of Cantech for a total consideration of \$71,000, of which \$24,106 was credited against exploration property costs and \$46,894 was included in income. To maintain its interest over a five year period, Cantech will issue and deliver 450,000 common shares of Cantech to the Company and incur exploration costs of \$300,000. Upon completion of these terms, the Company may elect to enter into a joint venture with Cantech, take a 10% carried interest or take a 2% net smelter return royalty. Cantech has certain fixed price options to acquire the NSR from the Company.

Restricted Deposits and Asset Retirement Obligations

The Company's asset retirement obligations were \$985,692 as at September 30, 2007 with no prior year balance. In 2007 Sweetwater commenced exploration drilling on its properties in Arizona and Wyoming. The Company provided reclamation deposits of \$926,559 (US\$930,000) with USA Government agencies and assumed legal obligations for site restoration and clean-up costs. Settlement of these obligations is expected to occur in fiscal 2008 or 2009. Accordingly, the restricted deposits and asset retirement obligations have been presented as long-term assets and liabilities.

In Slovakia, the Company's asset retirement obligation was \$59,133 as at September 30, 2007. This obligation is attached to the Kremnica gold property mining licence. The primary obligation is for the restoration of the previously-mined open pit. Based on the Company's mine development plans, settlement of this liability is expected to occur in 2022. The total undiscounted amount of estimated cash flows to settle the obligation is estimated to be \$911,000. This amount was discounted at a credit-adjusted risk-free rate of 20% to estimate the fair value of \$59,133.

Working Capital

Working capital decreased to \$30,632,888 as at September 30, 2007 from \$42,113,396 as at August 31, 2006. The \$11,480,508 decrease was mainly due to cash used for operations of \$3,917,959 and exploration property investing activities of \$12,603,737, offset by proceeds from the exercise of warrants and stock options of \$7,360,926. Marketable securities increased by \$378,743 primarily as a result of the reclassification of common shares of Condor Resources PLC from a long-term investment. Other receivables and payables increased in line with the general increase in expenditures.

Shareholders' Equity

Shareholders' equity increased by \$5,073,143 to \$64,582,260 as at September 30, 2007 as compared with \$59,509,117 as at August 31, 2006. Share capital increased by \$11,725,514 as a result of the exercise of 7,088,923 warrants and 2,462,672 stock options and the issuance of 500,000 common shares for an exploration property as described above. Share purchase warrants outstanding decreased to 608,537 as at September 30, 2007 from 7,697,460 as at August 31, 2006 due to exercises in 2007. Stock options outstanding decreased to 6,671,666 as at September 30, 2007 from 8,105,001 as at August 31, 2006. Stock option grants in 2007 of 2,245,000 were offset by exercises of 2,462,672 such that forfeitures of 1,215,663 substantially accounted for the decrease in options outstanding. Accumulated other comprehensive income was \$125,671 as at September 30, 2007 compared with \$nil at August 31, 2006.

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Effective September 1, 2006, the Company prospectively adopted three new accounting standards related to financial instruments with no restatement of prior period financial statements. The accumulated other comprehensive income balance represents unrealized gains on the Company's marketable securities and long-term investment.

| | Common Shares Outstanding | Stock Options Outstanding | Warrants Outstanding | Share Capital \$ |
|-----------------------------|------------------------------|------------------------------|-------------------------|---------------------|
| Balance, September 30, 2007 | 121,982,858 | 6,671,666 | 608,537 | 107,058,861 |
| Stock options granted | - | 180,000 | - | - |
| Stock options exercised | 275,000 | (275,000) | - | 427,085 |
| Stock options forfeited | - | (25,000) | - | - |
| Warrants exercised | - | - | - | - |
| Balance, January 25, 2008 | 122,257,858 | 6,551,666 | 608,537 | 107,485,946 |

COMPARISON OF THE FOUR MONTHS ENDED SEPTEMBER 30, 2007 WITH THE THREE MONTHS ENDED AUGUST 31, 2006

| | Four Months Ended September 30, 2007 \$ | Three Months Ended May 31, 2007 \$ | Three Months Ended February 28, 2007 \$ | Three Months Ended November 30, 2006 \$ |
|------------------------|---|--|---|---|
| Total assets | 68,738,416 | 66,054,804 | 63,757,624 | 62,767,965 |
| Exploration properties | 33,153,831 | 24,921,048 | 22,970,267 | 19,684,603 |
| Working capital | 30,632,888 | 38,737,425 | 38,060,898 | 39,617,728 |
| Shareholders' equity | 64,582,260 | 64,313,001 | 62,201,922 | 60,492,039 |
| Net loss | (2,717,954) | (1,605,796) | (1,629,749) | (1,325,472) |
| Loss per share | (0.02) | (0.01) | (0.02) | (0.01) |

| | Three Months Ended August 31, 2006 \$ | Three Months Ended May 31, 2006 \$ | Three Months Ended February 28, 2006 \$ | Three Months Ended November 30, 2005 \$ |
|------------------------|---|--|---|---|
| Total assets | 61,105,539 | 60,593,915 | 59,888,796 | 17,761,426 |
| Exploration properties | 16,580,090 | 13,659,438 | 11,422,406 | 10,551,093 |
| Working capital | 42,113,396 | 45,764,595 | 47,135,246 | 6,026,757 |
| Shareholders' equity | 59,509,117 | 59,887,516 | 59,250,670 | 17,260,800 |
| Net loss | (1,064,926) | (6,721,718) | (886,581) | (36,178) |
| Loss per share | (0.00) | (0.09) | (0.01) | (0.00) |

For the four months ended September 30, 2007, the Company incurred a net loss of \$2,717,954 or \$0.02 per share, compared with a net loss of \$1,064,926 or \$0.00 per share for the three months ended August 31, 2006. Operating expenses increased by \$1,649,789 to \$3,192,183 in 2007 from \$1,542,394 in 2006. The operating expense increase was partially due to the four month period in 2007 compared with the three month period in 2006. As discussed above, the Company's cost base increased as it expanded its activities and scope of operations. Other items netted to income of \$474,229 in 2007 compared with income of \$477,468 in 2006.

Exploration property costs capitalized were \$8,768,296 in the four month period ended September 30, 2007 compared with \$7,805,445 for the nine months ended May 31, 2007 as the Company significantly increased its summer uranium drilling programs in Slovakia and the USA. The most significant costs incurred in the four months ended September 30, 2007 were \$3,870,290 for the Kuriskova and Novoveska

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properties in Slovakia and \$2,999,632 for USA uranium properties pursuant to the Sweetwater option agreement. The Company also posted restricted deposits of US\$930,000 for its USA uranium drilling activities.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Cash and short-term investments decreased in 2007 by \$10,438,647 to \$32,413,085 as at September 30, 2007. Cash flows used in operating activities were \$3,917,959 in 2007 compared with \$2,544,576 in 2006. Cash flow from operations in 2006 includes a one-time cash receipt item of \$708,720 from the recovery of a note receivable previously fully provided for in 2001.

Cash flows provided by investing activities were \$28,314,068 in 2007 compared with use of cash of \$48,487,955 in 2006. Net redemption of short-term investments provided \$42,188,280 compared with the net acquisition of short-term investments of the same amount in 2006. To comply with the requirements of the United States *Investment Company Act*, the Company amended its investment policy in April 2007 such that the Company only invests in high interest bank accounts. Cash flows used in investing activities, exclusive of short-term investments, were \$13,874,212 in 2007 compared with \$6,299,675 in 2006. Exploration property expenditures used cash of \$12,603,737 in 2007 compared with \$6,107,608 in the prior year.

Cash flows from the issuance of share capital and warrants were \$7,360,926 compared with \$50,048,767 in 2006. The decrease was mainly due to private placement financings in the prior year.

Contractual Obligations and Contingencies

In August 2007, the Company terminated its head office lease and entered into a new five-year head office lease at new premises in Vancouver with annual and total commitments as follows:

| Years Ending September 30, | | | | | |
|----------------------------|---------|---------|---------|---------|-----------|
| 2008 | 2009 | 2010 | 2011 | 2012 | Total |
| \$ | \$ | \$ | \$ | \$ | \$ |
| 212,604 | 215,236 | 217,974 | 220,821 | 223,782 | 1,090,417 |

As at September 30, 2007, the expenditures to maintain the good standing of the Company's exploration and development property licence and leases and exploration property agreements are estimated to be approximately \$2,700,000 for fiscal 2008, \$2,500,000 for fiscal 2009 and \$2,250,000 for fiscal 2010. The Company believes that its working capital is sufficient to carry out its current exploration work programs and fund corporate overhead expenditures to the end of fiscal 2008.

Additional Financing

To date, the Company's ongoing operations have been almost entirely financed by private placements and proceeds from exercises of warrants and stock options. Additional financing will be required to develop its uranium properties and build mines. 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Certain directorship and senior management roles were contracted to companies owned and operated by directors and officers of the Company, namely the roles held by Messrs. Damien Reynolds and Hein Poulus, as directors, and Messrs. Garry Stock and Bob Nowell, as officers. These contracts were for fixed monthly amounts and bonuses. These professional fees were based on rates commensurate with the

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costs of obtaining employee or director services. Consulting fees to companies controlled by directors decreased to \$40,403 in 2007 from \$491,000 in 2006 as Mr. Reynolds terminated his contract in October 2006. Consulting fees to companies controlled by officers decreased to \$30,000 in 2007 from \$187,000 in 2006 as the contracts with Messrs. Stock and Nowell terminated in March 2007 and July 2006, respectively. These amounts are presented within salaries and consulting fees.

Geological consulting fees of \$91,558 to Longview Technical, a division of Longview Capital Partners Incorporated ("Longview"), were capitalized to exploration properties. Two directors of the Company, Mr. Hein Poulus and Mr. Ron Shorr, are also directors of Longview. These fees were based on Longview's standard rates.

The Company's solicitors are Stikeman Elliott LLP. A director, Mr. Hein Poulus, is a partner in the firm. Stikeman Elliott LLP's fees are billed based on time spent by other Stikeman Elliott personnel on providing services to the Company. These fees were \$351,292 in 2007 compared with \$188,582 in 2006.

Cost reimbursements from companies with common directors and/or officers relate primarily to cost sharing arrangements with Longview. These amounts decreased to \$109,796 in 2007 from \$179,281 in 2006. The Company moved to its new office premises in October 2007 and it no longer shares office space with Longview.

RISK FACTORS

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

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relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause mineral reserve estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating resources.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependant 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 operates in Slovakia, Northern Ireland and the USA 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. Further, developing country status or 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, Northern Ireland and the USA make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. 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 Slovak Koruna, the US Dollar, the British Pound and the Euro.

In 2006 the Company incurred a foreign exchange loss of \$497,864 mainly attributable to its US Dollar short-term investments. As at September 30, 2007, the Company had restricted deposits of US\$930,000 and its cash balance included US\$347,268. The Company purchases foreign currencies as the need arises in order to fund its exploration and development activities. Corporate expenditures are incurred mainly in Canadian dollars.

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Credit

The Company manages its credit risk through its counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its bank accounts and its investment portfolio. 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 short-term investments 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.

CHANGES IN ACCOUNTING POLICIES

Adoption of New Accounting Standards

Effective September 1, 2006, the Company adopted three new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2005. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

Financial instruments – recognition and measurement (CICA Handbook Section 3855) - In accordance with this new standard the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Accounts payable and accruals are carried at cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss and deficit.

The Company has classified its short-term investments and restricted deposits as held for trading and therefore carries its investments at fair market value, with the unrealized gain or loss recorded in interest income. Prior to September 1, 2006, the Company's investments in bankers acceptances ("BA"), bearer deposit notes ("BDN") and commercial paper ("CP") were recorded at face value less unamortized discount. This change in accounting policy had no material effect on the Company's previous financial statements.

The Company has classified its marketable securities and long-term investment as available-for-sale and therefore carries them at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when they are sold. Previously, investments in public companies were carried at cost, less provisions for other than temporary declines in value. This change in accounting policy resulted in a \$15,000 increase in the carrying value of marketable securities and a \$479,915 increase in the carrying value of the long-term investment as at September 1, 2006, representing the aggregate cumulative unrealized gains at that time.

Comprehensive income (CICA Handbook Section 1530) - Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a consolidated statement of comprehensive loss and a new category, accumulated other comprehensive income, has been added to the shareholders' equity section of the consolidated balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale, foreign exchange gains and losses on self-sustaining foreign operations and the effective portion of cash flow hedges, if any.

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Hedges (CICA Handbook Section 3865) - The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not designated any hedging relationships.

New Accounting Standards to be Adopted

The Company has assessed new and revised accounting pronouncements that have been issued, but not yet effective, to determine those that may have a significant impact on the Company.

In fiscal 2008, the Company is required to adopt revised Accounting Changes (CICA Handbook Section 1506), which provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information. The Company does not expect application of this revised standard to have a material impact on its consolidated financial statements.

In fiscal 2008, the Company will be required to adopt two new standards. Financial Instruments–Disclosures (CICA Handbook Section 3862) and Financial Instruments–Presentation (CICA Handbook Section 3863), will replace Financial Instruments–Disclosure and Presentation (CICA Handbook Section 3861). The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements. The new financial instruments presentation and disclosure requirements were issued in December 2006 and the Company is assessing the impact on its consolidated financial statements.

In fiscal 2008, the Company will be required to adopt Capital Disclosures (CICA Handbook Section 1535), which will require companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. The new capital disclosure requirements were issued in December 2006 and the Company is assessing the impact on its consolidated financial statements.

In January 2006, CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As a part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to provide reasonable assurance that information required to be included in its Securities and Exchange Commission (“SEC”) reports is recorded, processed, summarized and reported within the applicable time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to management, including our the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

The Company conducted an evaluation, under the supervision and with the participation of management, including the CEO and CFO, of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, and in light of the Company's material weaknesses in internal control over financial reporting described below, the Company has concluded that its disclosure controls and procedures were not effective.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company assessed the effectiveness of our internal control over financial reporting as of September 30, 2007. In making this assessment, the Company used the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). During this process, management identified material weaknesses in internal control over financial reporting.

The SEC has defined a material weakness as a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.

Based on its assessment, management has concluded that, as of September 30, 2007, the Company did not maintain effective internal control over financial reporting due to material weaknesses described below.

The Company's independent auditor, KPMG LLP, the independent registered public accounting firm that audited the financial statements, has issued an audit report on the Company's internal control over financial reporting.

(a) Control Environment

The control environment influences the control consciousness of its people, and is the foundation of all other components of internal control over financial reporting. The Company's control environment did not sufficiently promote effective internal control over financial reporting throughout the organization. Specifically, the Company: (i) did not effectively educate or communicate to all employees about the Code of Conduct or the Whistleblowing procedures; and (ii) did not have in its Slovakian subsidiaries consistent application of authorities over the acquisition, disposition, and use of the Company's assets, including expenditures. None of these control deficiencies by themselves directly resulted in a material misstatement to the financial statements, however, deficiencies in the control environment are pervasive in nature and this material weakness was a contributing factor in other material weaknesses described below.

(b) Financial Reporting Close Process

The Company has limited accounting personnel with expertise in generally accepted accounting principles and regulatory financial reporting requirements to enable effective segregation of duties over the preparation of financial statements and related note disclosures and regulatory filings. This control deficiency, which is pervasive in impact, did not result in a material misstatement to the financial statements; however, there is a reasonable possibility that a material misstatement of the annual financial statements would not have been prevented or detected on a timely basis.

(c) Monitoring of Operations in Slovakia

The Company did not design and implement controls to communicate and monitor corporate strategy and objectives, or compliance with policies and procedures, including expenditure policies, at its operations in Slovakia. Specifically,

- i. Although the Company has the authority to nominate directors to the board of directors of its Slovakian subsidiaries, there is no representation by the members of the board of directors of the Company on the board of directors of the Slovakian subsidiaries.

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- ii. The Company's Delegation of Authority Policy was not effectively communicated, and there was insufficient monitoring of expenditures by corporate head office, such that there were material disbursements of funds by the Slovakian subsidiaries which were not authorized by corporate head office as required.
- iii. The Company did not maintain effective communication with Slovakian management for the identification of transactions with potential financial reporting implications.

None of these control deficiencies by themselves directly resulted in a material misstatement to the financial statements. However, in combination with the control environment deficiencies, and due to the significance of the Slovakian operations to the Company's financial statements, these deficiencies result in a reasonable possibility that a material misstatement of the annual financial statements would not be prevented or detected on a timely basis.

(d) Exploration Property Claims Tracking

The Company did not maintain effective controls over the monitoring of its ongoing requirements to maintain its interests in its exploration properties. Specifically, the Company relies on a third party to track its obligations as scheduled, based on the terms of its various exploration property licences and contractual agreements; however, the Company did not have monitoring controls to provide reasonable assurance that its employees, consultants and property agreement counterparties in fact complied with such obligations to ensure that exploration property titles remained in good standing. This control deficiency could result in the lapsing of title to exploration properties or violation of exploration property agreements which could materially impact the carrying value of exploration properties or required disclosure. This control deficiency did not result in a material misstatement to the financial statements, however, this deficiency results in a reasonable possibility that a material misstatement of the Company's annual financial statements would not be prevented or detected on a timely basis.

(e) Fraud Risk Assessment

The Company did not conduct a comprehensive fraud risk assessment. Specifically, such an assessment would include a process to identify and evaluate the risk of fraud, including management override, that could result in misstatements to any account in the financial statements. This deficiency, which is pervasive in potential impact, did not result in a misstatement to the financial statements. However, in combination with the material weaknesses discussed above, this deficiency results in a reasonable possibility that a material misstatement to the annual financial statements would not be prevented or detected on a timely basis.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the four months ended September 30, 2007, the Company changed its internal control over financial reporting related to stock-based compensation to address certain control deficiencies that related to the restatement of its 2007 interim financial statements and its 2006, 2005 and 2004 annual financial statements. Specifically, the Company: (i) implemented a new accounting software package which allows the appropriate tracking of all relevant information related to option grants; and (ii) implemented detailed review procedures to monitor the accounting for stock-based compensation.

The Company is currently designing and implementing improved controls to address the material weakness described above. Since September 30, 2007, the Company has taken (and, in certain cases, is continuing to take) the following steps in an effort to enhance its overall internal control over financial reporting and to address the material weaknesses identified above. Specifically, the Company has or will undertake the following actions:

- (a) The Company has communicated the Code of Conduct and Whistleblowing program to all employees, including those in foreign subsidiaries.

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- (b) The Company has communicated its Delegation of Authority Policy to its Slovakian operations. The Company is in the process of making changes to the Board of Directors of its Slovakian subsidiaries. The Company is reviewing its internal controls over monitoring of and communication with its Slovakian operation and expects to implement changes in 2008.
- (c) The Company has implemented processes to monitor its compliance with its exploration property rights and obligations.
- (d) The Company will undertake a comprehensive fraud risk assessment in 2008.

OUTLOOK

The Company will continue to advance its highly prospective uranium and gold exploration properties in Europe and the USA.

The Company's flagship uranium property, Kuriskova, is a high-grade underground uranium deposit that is the Company's main priority. The Company plans call for an additional 9,000 metres of infill drilling to elevate the deposit from inferred to indicated category.

At Novoveska Huta, the Company is continuing the historic data verification process to enable the calculation of a NI 43-101 resource estimate in the second half of 2008. The Company has additional licences along the Kuriskova – Novoveska Huta trend in Slovakia. As a follow-up to its 16,000 kilometre airborne survey on its licences, the Company continues ground truthing to remove false anomalies and prioritize new targets for further exploration and potential drilling.

As follow-up to the May 2007 pre-feasibility study on the Kremnica gold property, the Company plans to complete its 62 drill-hole program for and its geotechnical, hydrological, metallurgical and geological studies. With additional infill drilling planned in 2008, the Company is targeting a new resource estimate in the second half of 2008 that will be suitable for a feasibility study.

In the United States, the Company has a pipeline of earlier-stage uranium projects in Wyoming, South Dakota and breccia pipe uranium targets in Arizona through its option agreement with Sweetwater. After more than 13,000 metres of rotary drilling on the Cyclone Rim Trend in Wyoming, the Company plans additional drilling to further identify the trend of this roll front type of uranium deposit. The Company will also re-evaluate its drilling program in Arizona. The Company expects to complete the Sweetwater Buyout in early 2008 to take a 100% interest in the Sweetwater properties.

At the Curraghinalt deposit in Northern Ireland the Company has expanded its high-grade quartz-vein gold deposit by increasing its resource from 262,000 inferred ounces to 250,000 indicated and 350,000 inferred ounces. The Curraghinalt deposit continues to show enormous potential for further expansion. The Company expects to initiate a new step-out and infill program to further expand and upgrade the resource in 2008.

In 2008, the Company will also continue to pursue the previously disclosed reorganization of its capital structure and separation of the ownership, management and financing of its uranium and precious metals assets. The reorganization remains subject to a favourable tax ruling from the Canadian Revenue Agency (CRA), regulatory and court approvals, as well as approval of the transactions by shareholders at an extraordinary special meeting and subject to the new gold company being accepted for listing on a stock exchange.

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FORWARD LOOKING STATEMENTS

This management's discussion and analysis 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;
- planned capital expenditures and estimates of reclamation and other costs related to environmental protection;
- future capital costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of various operations;
- financial and operating objectives;
- exploration, environmental, health and safety initiatives;
- availability of qualified employees for operations; and
- outcome of legal proceedings and other disputes.

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

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

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the supply and demand for, deliveries of, and the level and volatility of prices of uranium and gold;
- the timing of the receipt of regulatory and governmental approvals for development projects and other operations;

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- 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 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.

CAUTIONARY NOTES TO US INVESTORS CONCERNING RESERVE AND RESOURCE ESTIMATES

Measured and Indicated Resources

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

Inferred Resources

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