



**2008**

# **SECOND QUARTER REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MAY 22, 2008**

# **TOURNIGAN ENERGY Ltd.**

## **2008 SECOND QUARTER REPORT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **OVERVIEW**

This management's discussion and analysis ("MD&A") covers the operations of Tournigan Energy Ltd. (the "Company") for the six months ended March 31, 2008 and subsequent activity up to May 20, 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 annual MD&A for the 13 months ended September 30, 2007 dated January 25, 2008 and the Company's unaudited interim consolidated financial statements as at March 31, 2008 and for the three and six month ended periods ended March 31, 2008 and February 28, 2007 prepared in accordance with Canadian GAAP.

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

#### **DESCRIPTION OF BUSINESS**

The Company is a mineral resource exploration and development company with a focus on the acquisition, exploration and development of uranium and gold properties in Europe and North America. The Company's principal uranium exploration properties are the Kuriskova and Novoveska Huta deposits in Slovakia and its western USA properties. The Company's principal gold exploration properties are the Kremnica gold property in Slovakia and the Curraghinalt gold deposit in Northern Ireland.

#### **HIGHLIGHTS (from October 1, 2007)**

##### **Strategy and Name Change**

- Company name changed to Tournigan Energy Ltd. on May 6, 2008
- Future strategy to focus on development of Slovakian uranium properties, particularly Kuriskova
- Other exploration assets to be re-evaluated

##### **Uranium – Kuriskova, Slovakia**

- Expected development milestones announced in May 2008
- Resource estimate of 36 million pounds U<sub>3</sub>O<sub>8</sub> released December 2007
- Results from 10,129 metre, 30 holes, 2007 infill drilling program confirm thicknesses and uranium grades and will be used for the new resource estimate expected mid 2008
- 6,658 metres drilled

##### **Uranium – Novoveska Huta, Slovakia**

- Completed 9-hole, 4100-metre confirmatory drill program in 2007 to prepare NI 43-101 resource estimate in 2008
- 2,264 metres drilled to date

##### **Uranium – Airborne Survey, Slovakia**

- Completed airborne magnetic and radiometric survey on Slovakian uranium licences
- 25 priority targets identified and detailed radiometric ground survey ongoing to identify drill targets

##### **Uranium – USA**

- Sweetwater buyout agreement to acquire 100% closed February 29, 2008
- Uranium mineralization encountered in Wyoming as announced in January and February, 2008

##### **Gold – Kremnica, Slovakia**

- Base line information gathering and confirmation drilling continue to support feasibility study decision
- 1,607 metres confirmation drilling completed

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#### **Gold – Curraghinalt, Northern Ireland**

- Resource estimate of 250,000 ounces indicated and 350,00 ounces inferred released December 2007
- 394 metres drilled

#### **Other – Brehov, Slovakia**

- Earn-in agreement terminated with exploration property costs written-off

### **STRATEGY AND NAME CHANGE**

On May 5, 2008 the Company announced that it had changed its name from Tournigan Gold Corporation to Tournigan Energy Ltd. The name change was effective May 6, 2008. The Company retained its trading symbol TVC on the TSX Venture Exchange.

The Company is focusing its attention, capital and human resources on its uranium assets, particularly the development of the Kuriskova uranium deposit in Slovakia. The Company is currently re-evaluating its options with regards to its other assets.

### **CORPORATE REORGANIZATION**

Given current market conditions, the Company is re-evaluating its previously proposed reorganization strategy announced in May 2007. The Company, with advice from its independent financial advisor Cormark Securities Inc., is evaluating other corporate alternatives to maximize shareholder value.

### **SHAREHOLDERS RIGHTS PLAN**

The directors of the Company approved the adoption of a shareholder rights plan, dated January 29, 2008, (the "Rights Plan") which was ratified by the Company's shareholders on March 14, 2008. The Rights Plan is intended to ensure that all shareholders of the Company are treated fairly in any transaction involving a potential change of control of the Company. The rights become exercisable only when a person or party acquires or announces its intention to acquire 20% or more of the outstanding shares of the Company without complying with certain provisions of the Rights Plan. Each right would entitle each holder of common shares (other than the acquiring person or party) to purchase additional common shares of the Company at a 50% discount to the market price at the time. The Rights Plan expires on March 14, 2009.

### **CHANGE IN YEAR END**

The Company changed its year end to September 30 from August 31, effective September 30, 2007. References to the second quarter 2008 and the second quarter 2007 throughout this MD&A are for the three months ended March 31, 2008 and February 28, 2007, respectively. References to YTD 2008 and YTD 2007 are for the six months ended March 31, 2008 and February 28, 2007, respectively.

### **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 restated consolidated financial statements.

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#### SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Three Months Ended March 31, 2008 \$	Three Months Ended December 31, 2007 \$	Four Months Ended September 30, 2007 \$	Three Months Ended May 31, 2007 \$
Total assets	66,769,310	66,859,872	68,738,416	66,054,804
Exploration properties	40,541,749	36,544,806	33,153,831	24,921,048
Working capital	21,537,639	26,102,402	30,632,888	38,737,425
Shareholders' equity	62,990,826	63,573,001	64,582,260	64,313,001
Net loss	(1,259,342)	(1,571,724)	(2,717,954)	(1,605,796)
Loss per share	(0.01)	(0.01)	(0.02)	(0.01)

	Three Months Ended February 28, 2007 \$	Three Months Ended November 30, 2006 \$	Three Months Ended August 31, 2006 \$	Three Months Ended May 31, 2006 \$
Total assets	63,757,624	62,767,965	61,105,539	60,593,915
Exploration properties	22,970,267	19,684,603	16,580,090	13,659,438
Working capital	38,060,898	39,617,728	42,113,396	45,764,595
Shareholders' equity	62,201,922	60,492,039	59,509,117	59,887,516
Net loss	(1,629,749)	(1,325,472)	(1,064,926)	(6,721,718)
Loss per share	(0.02)	(0.01)	(0.00)	(0.09)

#### Overview

For the second quarter 2008, the Company incurred a net loss of \$1,259,342 or \$0.01 per common share, compared with a net loss of \$1,629,749 or \$0.02 per share for the second quarter 2007. For the half year, net loss was \$2,831,066 for YTD 2008 compared with \$2,955,221 for YTD 2007. The weighted average number of common shares for the second quarter increased to 122,285,591 in 2008 from 112,798,702 in 2007, mainly as a result of the exercise of warrants and stock options. Exploration property balances increased by \$7,387,918 to \$40,541,749 in the period YTD 2008 compared with the \$6,390,177 increase for YTD 2007.

#### Exploration Property Costs Expensed

The amount of exploration property costs expensed was \$52,756 for the second quarter 2008 compared with \$322,203 for the second quarter 2007, while YTD 2008 was \$467,929 compared with YTD 2007 of \$688,213. In the first quarter 2008, the Company decided to abandon the Brehov precious metals and VMS property located in Slovakia and focus only on uranium and gold properties. The Company terminated its earn-in agreement for the Brehov property and will not renew the surrounding Novosad exploration licence. Brehov deferred exploration costs in the amount of \$344,317 were written off in the first quarter 2008. Property investigations expenses were \$49,485 for the second quarter 2008 compared with \$322,203 in the second quarter 2007, and \$117,323 for YTD 2008 compared with \$688,213 for YTD 2007. Most of these costs were for the pursuit of investment opportunities in Eastern Europe.

#### Expenses

Expenses were \$1,562,451 for the second quarter 2008, a \$202,512 decrease from the second quarter 2007. For YTD 2008, expenses were \$3,134,907, a decrease of \$143,784 from YTD 2007. Significant decreases in stock-based compensation expense were partially offset by increases in other expenses.

Employee and director stock options are measured at their fair value on the grant date and recognized over the vesting period. Non-employee stock options issued to contractors and consultants are measured

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

The following schedules present the details and changes in the components of stock-based compensation for quarter ended 2008 and YTD 2008 compared with the prior years' periods:

Quarters	Three Months Ended		
	Change	March 31, 2008	February 28, 2007
	\$	\$	\$
Employees and directors	(348,585)	472,902	821,487
Non-employees	(225,585)	(84,364)	141,221
Total stock-based compensation cost	(574,170)	388,538	962,708
Capitalized to exploration properties	41,188	(8,035)	(49,223)
Stock-based compensation expense	(532,982)	380,503	913,485

YTD	Six Months Ended		
	Change	March 31, 2008	February 28, 2007
	\$	\$	\$
Employees and directors	(239,717)	932,933	1,172,650
Non-employees	(1,175,214)	(304,534)	870,680
Total stock-based compensation cost	(1,414,931)	628,399	2,043,330
Capitalized to exploration properties	544,990	60,694	(484,296)
Stock-based compensation expense	(869,941)	689,093	1,559,034

Total stock-based compensation cost decreased by \$1,414,931 for YTD 2008, mainly due to the decrease in stock-based compensation cost for non-employees of \$1,175,214. The fair value of unvested non-employee stock options significantly declined in YTD 2008 compared with a significant increase in YTD 2007. The Company's share price decreased by 65% to \$0.98 in YTD 2008 compared with an increase of 63% to \$3.35 in YTD 2007. Due to the decline in the fair value of unvested non-employee options, portions of previously recorded non-employee stock-based compensation were reversed in both the statement of loss and from deferred exploration property costs in the period YTD 2008.

Public, government and investor relations expense increased by \$187,392 to \$255,445 for the second quarter 2008 and by \$399,480 to \$538,472 for YTD 2008 compared with the prior years' periods. These increases were largely due to the Company's activities in Slovakia to facilitate the permitting of its uranium projects. Audit, legal and other professional fees for YTD 2008 increased by \$208,199 to \$328,245 compared with YTD 2007 with all such costs higher.

#### Other Income

Interest income decreased by \$281,455 to \$568,957 for YTD 2008 compared with the YTD 2007 due to the net decrease in interest-bearing bank deposits and short-term investments. The recovery of office relocation costs is discussed below. Foreign exchange translation gains were \$60,588 for YTD 2008 compared with gains of \$145,227 in YTD 2007. The decrease was largely due to the effect of the appreciation of the US dollar on US dollar denominated short-term investments in YTD 2007.

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#### Uranium Exploration Properties

As a result of increased drilling activity, exploration and development costs related to uranium properties increased to \$2,995,688 in the second quarter 2008 compared with \$321,197 for the second quarter 2007. For YTD 2008 these costs were \$5,927,727 compared with \$1,681,666 for YTD 2007.

Compared with the prior years' periods, expenditures on the Kuriskova property increased by \$1,137,512 to \$1,227,948 for the second quarter 2008 and by \$1,852,565 to \$2,769,820 for YTD 2008. The Company drilled a further 2,600 metres in the second quarter 2008 on Kuriskova, for YTD 2008 drilling of 6,658 metres. Deferred studies and evaluations costs of \$187,302 for YTD 2008 included the costs of the revised Kuriskova resource estimate released in December 2007.

Other Slovakian uranium property costs were \$406,582 for the second quarter 2008 and \$973,980 for YTD 2008, compared with \$71,191 for the second quarter 2007 and \$232,311 for YTD 2007. These increases related primarily to twin-hole confirmation drilling on the Novoveska Huta property. Drilling activity was 416 metres for the second quarter 2008 and 2,264 metres for the period YTD 2008.

The Company incurred second quarter 2008 costs of \$1,361,158 for its uranium exploration properties in the United States compared with \$159,571 for the second quarter 2007. YTD 2008 costs were \$2,183,927 compared with \$532,100 for YTD 2007. These increase were mainly due to acquisition costs of \$1,100,815, of which \$49,815 was recorded in the first quarter 2008 and \$1,051,000 was recorded in the second quarter 2008. In the second quarter 2008. In October 2007 the Company entered into an agreement to acquire 100% ownership of its USA uranium properties from Sweetwater River Resources LLC (the "Sweetwater Buyout"). Prior to closing of the Sweetwater Buyout, the Company's interests in these properties were held through its option agreement with Sweetwater. Closing of the acquisition occurred on February 29, 2008. The Company paid \$592,000 and US\$50,000 of which \$100,000 was placed in escrow and, in addition, the Company issued 340,000 shares to Sweetwater at a fair value of \$1.35 per common share. The escrowed monies will be released to Sweetwater upon rectification of certain minor deficiencies in land tenure reports, which is expected to occur by June 2008. Pursuant to regulatory requirements, the common shares issued upon closing were subject to a four-month hold period.

#### Gold Exploration Properties

Gold property costs decreased compared to the prior years' periods. These costs were \$1,001,256 for the second quarter 2008 compared with \$2,891,265 for the second quarter 2007 and \$1,791,172 for YTD 2008 compared with \$4,526,899 for YTD 2007.

Expenditures on the Kremnica gold property were \$715,278 in the second quarter 2008 compared with \$737,722 in the second quarter 2007 and \$1,246,754 for YTD 2008 compared with \$1,960,939 for YTD 2007. Costs incurred in 2008 mainly related to confirmation drilling of 1,607 metres, of which 709 metres were drilled in the second quarter 2008.

Expenditures on Curraghinalt decreased to \$284,927 for the second quarter 2008 compared with \$2,078,065 for the second quarter 2007 and to \$511,175 for YTD 2008 compared with \$2,401,687 for YTD 2007. These decreases relate mainly to second quarter 2007 acquisition costs of \$1,407,850 for the Strongbow buyout. Otherwise the decreases related to reduced drilling. YTD 2008 drilling was 394 metres. YTD 2008 costs of \$42,489 for studies and evaluations were mainly for the new resource estimate released in December 2007.

#### Property and Equipment

In October 2007 the Company relocated its Vancouver head office from premises shared with Longview Capital Partners Incorporated ("Longview"), a company related by way of common directors. Longview agreed to pay the Company \$300,000 for the Company's office relocation costs, of which \$157,775 has been accounted for as proceeds on disposal of property and equipment. This amount equalled the net book value of the property and equipment disposed with no gain or loss. The remaining \$142,225 was included in other income as a recovery of office relocation costs. Additions to property and equipment

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were \$355,494 in YTD 2008 compared with \$178,129 in YTD 2007. In both periods these costs mainly related to head office furniture and leasehold improvements due to head office relocations.

#### Working Capital

Working capital was \$21,537,639 as at March 31, 2008 compared with \$30,632,888 as at September 30, 2007. The \$9,095,249 decrease was mainly due to cash used in operations and exploration property investing activities. Accounts receivable increased by \$1,522,651 to \$2,313,103 largely due to recoverable Slovakian commodity taxes. Marketable securities decreased by \$274,853 to \$133,890 due to mark-to-market losses. Prepaid expenses and deposits decreased by \$81,224 to \$109,848 due to realization of a deposit on furniture costs for the Company's head office relocation. Accounts payable and accrued expenses decreased by \$425,478 to \$2,744,986 due to decreased accruals for operating expenses.

#### Shareholders' Equity

Shareholders' equity decreased by \$1,591,434 to \$62,990,826 in the period YTD 2008. Share capital increased by \$1,290,556, of which \$831,556 was due to the exercise of stock options and \$459,000 was from shares issued for the Sweetwater Buyout. The Company no longer has any warrants outstanding. Accumulated other comprehensive income, which represents unrealized gains on the Company's marketable securities, decreased by \$274,853 to negative \$149,182 due to mark-to-market losses on marketable securities in the period YTD 2008.

	Common Shares Outstanding	Stock Options Outstanding	Warrants Outstanding	Share Capital \$
Balance, March 31, 2008	122,597,859	8,319,166	–	108,349,416
Stock options exercised	100,000	(100,000)	–	25,000
Balance, May 20, 2008	122,697,859	8,219,166	–	108,374,416

### LIQUIDITY AND CAPITAL RESOURCES

#### Cash Flows

Cash decreased by \$10,687,301 to \$21,725,784 in the first half of fiscal 2008. Cash flows used in operating activities were \$2,082,920 in YTD 2008 compared with \$1,055,398 in YTD 2007. This increase was mainly due to the timing of cash payments or receipts for non-cash working capital.

Cash flows used in investing activities were \$8,923,343 for YTD 2008 compared with cash provided of \$101,688 for YTD 2007, as YTD 2007 included net redemption of short-term investments of \$5,373,858. Cash flows used for exploration properties were \$8,617,849 in YTD 2008 as compared with \$5,121,285 in YTD 2007, with higher uranium expenditures partially offset by lower gold project costs. Cash flows from financing activities were \$318,962 for YTD 2008, a decrease from \$1,880,937 in YTD 2007 as a result of fewer stock option and warrants exercises.

#### Cash

Cash is invested in secure bank deposits with primarily Canadian Schedule 1 banks. The Company has not been affected by the liquidity crisis involving asset-backed commercial paper.

#### Contractual Obligations and Contingencies

There were no material changes to the Company's contractual obligations and contingencies in the quarter.

#### Additional Financing

The Company believes that its working capital is sufficient to carry out its current exploration work programs and fund corporate overhead expenditures to September 2009. 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 exploration

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properties and pay corporate costs. 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**

Cost reimbursements from companies with common directors and/or officers relate to the office relocation agreement (discussed above) and cost sharing arrangements with Longview. Two directors of the Company, Mr. Poulus and Mr. Shorr, are also directors of Longview. This amount was \$310,031 for both the first quarter 2008 and YTD 2008, compared with \$61,622 for YTD 2007. The Company ceased to share office space with Longview in the first quarter of 2008.

The Company's solicitors are Stikeman Elliott LLP. Mr. Poulus is a partner in the firm. Stikeman Elliott fees are billed based on time spent by other Stikeman Elliott personnel on providing services to the Company. These fees were \$85,453 in YTD 2008 compared with \$19,027 for YTD 2007. In YTD 2008, a portion of their fees were included in deferred reorganization costs.

Geological consulting fees of \$48,849 to Longview Technical, a division of Longview, were capitalized to exploration properties in YTD 2008. The YTD 2007 amount was \$7,010. These fees were based on Longview Technical's standard rates.

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. Reynolds and Poulus, as directors, and Mr. Stock, as an officer. These contracts were for fixed monthly amounts and, except for Mr. Poulus, bonuses. These professional fees were based on rates commensurate with the costs of obtaining employee or director services. Consulting fees to companies controlled by directors decreased to \$16,167 for YTD 2008 from \$22,903 YTD 2007 as Mr. Reynolds terminated his contract in October 2006. Consulting fees to companies controlled by officers decreased to \$nil for YTD 2008 from \$26,000 in YTD 2007 as the contract with Mr. Stock was terminated in March 2007. These amounts are presented within salaries and fees to directors and contractors.

### **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.

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#### **Mineral Resources and Recovery Estimates**

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

#### **Financing**

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore 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.

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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 (SKK), the US Dollar, the British Pound and the Euro. As at March 31, 2008, the Company's most significant balance sheet exposures were to the Slovak Koruna and the US Dollar. Net SKK denominated monetary assets were SKK 16,104,000 (\$802,000) and net US\$ denominated monetary liabilities were US\$219,000 (\$225,000). 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.

#### **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, accounts receivable and restricted deposits. Bank accounts are primarily with Canadian Schedule 1 banks with a \$20 million counterparty credit limit. Accounts receivable include \$1,918,982 of value added taxes receivable from government agencies. Accounts receivable also include \$229,875 due from a related party. Restricted deposits are with US banks and are fully insured by the US Federal Deposit Insurance Corporation ("FDIC") The Company will continue to assess its allowance for credit losses. There can be no assurance that the Company's counterparties will not default on their obligations such that the Company will incur losses.

#### **Interest Rate**

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

### **OUTLOOK**

#### **Uranium**

On May 5, 2008, the Company announced detailed exploration and development milestones for the Kuriskova project. These milestones are management's best estimates of the steps needed to take Kuriskova through the permitting process. For the rest of 2008, the Company plans to: (i) complete infill drilling of 8,000 metres by the end of the year; (ii) release assay results of 2008 drilling starting in July 2008; (iii) begin baseline environmental work; (iv) release a new NI 43-101 resource estimate in the summer of 2008; (v) release a preliminary assessment (scoping study) by the end of 2008, and; (vi) commence metallurgical test work. The Company continues its ongoing stakeholder and community engagement program in Slovakia. The Company is committed to a transparent dialogue and providing important information on the social, economic and environmental benefits of the Kuriskova project.

At Novoveska Huta, the Company is continuing the historic data verification process to enable the calculation of a NI 43-101 resource estimate in early 2009. The Company expects to release Novoveska Huta gamma results from its 2007 drill program by June 2008, with assay results to follow shortly thereafter. Confirmation drilling will continue with a 2,000 metre program planned for the end of the summer of 2008. Gamma results are expected to be released starting in the summer of 2008, with assay results thereafter.

With respect to the Company's uranium properties in the USA, the Company has ceased exploration activities to focus its efforts on Slovakia.

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#### Gold

The Company is currently evaluating its options with regards to its gold assets. Exploration work continues on Kremnica and Curraghinalt to optimize the value of these properties.

Baseline information gathering for environmental purposes continues at the Kremnica gold project in support of a future decision to proceed to the feasibility stage. The infill drill program continues. The Company is targeting a new resource estimate by the end of the year that will be suitable for a feasibility study.

Drilling rigs were mobilized at Curraghinalt to start a step-out exploration drill program of 2,500 metres. A preliminary assessment (scoping study) report is scheduled for release by the fall of 2008. A new resource estimate is planned by the end of the year.

The Company has ceased exploration activities on its Nevada exploration properties to focus its efforts on its other properties.

#### Corporate

The Company has yet to receive the outcome of its advance tax ruling request on its corporate reorganization. In light of current market conditions, the Company is considering other options to maximize shareholder value.

The Company continues to explore earn-in and other corporate development opportunities.

### 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.

# TOURNIGAN ENERGY Ltd.

## 2008 SECOND QUARTER REPORT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

# **TOURNIGAN ENERGY Ltd.**

## **2008 SECOND QUARTER REPORT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **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.