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TOURNIGAN MINING EXPLORATIONS LTD.

**13th ANNUAL REPORT
OCTOBER, 1979**



TOURNIGAN MINING EXPLORATIONS LTD.

(Incorporated in British Columbia)

REGISTERED OFFICE

Oceanic Plaza, 24th Floor,
1066 West Hastings Street,
Vancouver, B.C.
Canada V6E 3X1

BUSINESS OFFICE

704 - 535 Thurlow Street
Vancouver, B.C.
Canada V6E 3L2
Tel. (604) 681-7281

DIRECTORS

N. S. Adair	Vancouver, B.C.
Wm. Braidwood	New Westminster, B.C.
J. N. Hembling	North Vancouver, B.C.
Egil Lorntzsen	Vancouver, B.C.
Wm. V. Smitheringale	Comox, B.C.

OFFICERS

J. N. Hembling	President
Wm. Braidwood	Secretary

REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company
Vancouver, B.C.
Canada

AUDITORS

Coopers & Lybrand
Chartered Accountants
Vancouver, B.C.
Canada

SOLICITORS

Barbeau, McKercher	Milgrim, Thomajan
Collingwood & Hanna	Jacobs & Lee
Vancouver, B.C.	New York, N. Y.
Canada	U.S.A.

LISTED

Vancouver Stock Exchange (TGN)
NASDAQ (TGNXF)

Cover Photo:

A typical hand-driven
exploration tunnel on
the Company's Bear-Pass
property at Stewart, B.C.,
Circa 1920.

PRESIDENT'S REPORT TO THE SHAREHOLDERS

I am pleased to report that your company has just completed one of the most exciting and productive years since its founding in 1966. To highlight our 13th Annual Report, I would like to share some of these events with you.

In December, 1978, we entered into option agreements with Western Mines Ltd. (51% owned by Brascan), whereby Western agreed to carry on with the senior development of one of our properties, the Big Missouri, located near Stewart, B.C. In part, the terms of option call for Western to acquire 700,000 shares of Tournigan common stock at prices ranging from \$1.00 to \$2.25 over a seven-year period. The first 100,000 shares were issued to Western early this year at \$1.00 per share. Additionally, Western is committed (on an option basis) to a schedule of annual expenditures to develop the Big Missouri, totalling a minimum of \$1.7 million by the end of 1984, leading through feasibility studies to production of this vast gold-silver-lead-zinc-copper deposit. Your company, if this agreement is fulfilled by December 1984, will retain a 30% carried interest in all profits derived from this mine.

This agreement is important and rewarding from a professional point of view as well as a financial one, because of the recognition it carries for our efforts in successfully putting together this 142 claim package, containing a staggering potential in recoverable metals. In short, the labor, time and capital devoted to this project have been well spent.

In July 1979, your company registered and successfully sold, through a Vancouver agent, 200,000 shares of common stock at \$1.00 per share. This sale included series "A" and "B" warrants. The 400,000 series "A" warrants are trading separately under the symbol TGNWT and are convertible into common shares on the basis of two warrants plus \$1.03 for each common share and these will expire on December 31, 1979. The 100,000 series "B" warrants were issued to the underwriter and have been converted into 100,000 common shares which netted the treasury \$103,000 on September 21, 1979.

These sales of common stock, along with the stock sales to Western Mines help to put your company in a very enviable position: we have a good supply of capital to continue our efforts in locating, packaging and developing other properties.

Most recently, in September of this year, we staked 40 claims on a new gold-silver prospect located some 70 miles east of Wrangell, Alaska. This property brings our current total to 566 claims (about 61 acres each) that we either own, have options on, or have granted options for. This is an impressive inventory of known mineralized properties for any company and it demonstrates how effectively we have used our limited capital base over the years.

The quality of our mineral inventory proves that the methods of our unique program are ideal for modern mine development. As you know from past reports, your company's management has specialized in locating and accumulating massive known mineralized properties through acquiring quantities of fractured claims. We then consolidate these into cohesive packages that possess the potential for large highly economical open-pit operations; to develop these we join forces with mine-operating companies possessing the vast capital resources necessary for the costly final stages culminating in production.

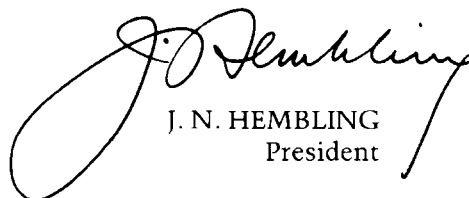
Even while we negotiate with major companies to further develop our existing properties, we are continually increasing our inventory of other large scale prospects. Utilizing this kind of operating technique, I have tremendous confidence in Tournigan's future.

Tournigan has semi-specialized in precious metal exploration since 1972 and has therefore benefited from a substantial 7 year "head-start" on the current gold-silver rush by other companies. As world market prices for precious and other metals continue their upward trend, international mining companies will be seeking properties to exploit. Your company has such properties in hand now; and because of our existing inventories, I feel that Tournigan may very well represent *an idea whose time has come*.

We will continue to inform you of developments as they occur.

I would like to take this opportunity to thank our many shareholders, employees and associates for their support and the confidence they have placed in us.

October, 1979.



J. N. HEMBLING
President

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS

OFFICES THROUGHOUT CANADA
AND IN PRINCIPAL AREAS
OF THE WORLD

MAILING ADDRESS

P. O. BOX 11128, ROYAL CENTRE
1055 WEST GEORGIA STREET
VANCOUVER BRITISH COLUMBIA, CANADA V6E 3R2

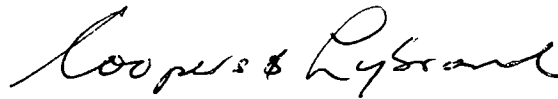
TELEPHONE (604) 682-7821
29TH FLOOR, THE ROYAL BANK OFFICE TOWER
1055 WEST GEORGIA STREET
VANCOUVER, BRITISH COLUMBIA, CANADA
V6E 3R2

CABLE ADDRESS: COLYBRAND, VANCOUVER, B. C.
TELEX: 04-507630

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Tournigan Mining Explorations Ltd. as at August 31, 1979 and the statements of deficit, deferred costs and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at August 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Vancouver, B.C.
September 26, 1979

CHARTERED ACCOUNTANTS

TOURNIGAN MINING EXPLORATIONS LTD.

BALANCE SHEET AS AT AUGUST 31, 1979

A S S E T S

	1979 \$	1978 \$
CURRENT ASSETS		
Cash and short-term deposits	77,455	4,899
Accounts receivable	3,065	1,000
Prepaid expenses and advances	<u>2,206</u>	<u>4,446</u>
	82,726	10,345
INVESTMENTS, at cost (note 2)	4,950	4,950
MINERAL PROPERTIES AND OPTIONS (note 3)	359,090	344,605
FIXED ASSETS (note 5)	44,309	46,722
DEFERRED COSTS (note 4)	<u>1,166,787</u>	<u>905,645</u>
	<u>1,657,862</u>	<u>1,312,267</u>

L I A B I L I T I E S


CURRENT LIABILITIES

Bank loans (note 9)	35,000	
Accounts payable and accrued liabilities	50,738	52,800
Shareholders' loans, repayable on demand, with interest at 12%		<u>134,000</u>
	<u>85,738</u>	<u>186,800</u>

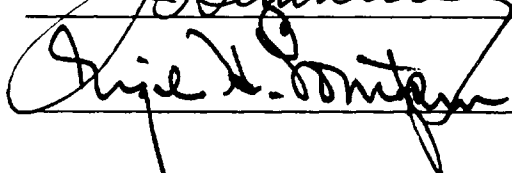
S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK (note 6)	1,832,369	1,385,614
DEFICIT	<u>260,245</u>	<u>260,147</u>
	<u>1,572,124</u>	<u>1,125,467</u>
	<u>1,657,862</u>	<u>1,312,267</u>

APPROVED BY THE DIRECTORS



Director



Director

TOURNIGAN MINING EXPLORATIONS LTD.

STATEMENT OF DEFICIT

FOR THE YEAR ENDED AUGUST 31, 1979

	1979	1978
	\$	\$
BALANCE - BEGINNING OF YEAR	260,147	253,335
Write-off of interests in mineral properties		
Cost of mineral claims (note 3)	75	495
Deferred costs		8,260
(Gain) loss on disposal of fixed assets	<u>23</u>	<u>(1,943)</u>
BALANCE - END OF YEAR	<u><u>260,245</u></u>	<u><u>260,147</u></u>

TOURNIGAN MINING EXPLORATIONS LTD.

STATEMENT OF DEFERRED COSTS

FOR THE YEAR ENDED AUGUST 31, 1979

	Balance August 31, 1978 \$	Costs during the year \$	Balance August 31, 1979 \$
EXPLORATION AND DEVELOPMENT			
Assaying and sampling	11,489	10,096	21,585
Consulting fees	72,752	52,030	124,782
Depreciation	29,724	7,783	37,507
Drilling	62,478	39,000	101,478
Equipment rental	17,345	8,858	26,203
Feasibility study	1,000		1,000
Geological supplies	21,221	8,299	29,520
Geological, geophysical and geochemical surveys	79,803		79,803
Insurance	3,710	2,427	6,137
Licences	7,335	577	7,912
Registration and transfer fees	5,332		5,332
Road construction	17,694		17,694
Stripping and trenching	10,949		10,949
Travel and helicopter	53,356	34,286	87,642
Truck and auto	41,663	6,713	48,376
Underground work	96,658	9,838	106,496
Wages	59,776	23,767	83,543
Other field costs	68,681	23,018	91,699
	<u>660,966</u>	<u>226,692</u>	<u>887,658</u>
ADMINISTRATIVE - per Schedule	<u>502,170</u>	<u>116,731</u>	<u>618,901</u>
TOTAL	<u>1,163,136</u>	<u>343,423</u>	<u>1,506,559</u>
LESS:			
Proceeds from options and sale of mineral properties	64,120		64,120
Government grants		57,281	57,281
Lease of camp site		25,000	25,000
	<u>64,120</u>	<u>82,281</u>	<u>146,401</u>
NET	1,099,016	261,142	1,360,158
COSTS WRITTEN OFF TO DEFICIT	<u>195,989</u>		<u>195,989</u>
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE COSTS (note 4)	903,027	261,142	1,164,169
INCORPORATION COSTS	<u>2,618</u>		<u>2,618</u>
TOTAL DEFERRED COSTS	<u>905,645</u>	<u>261,142</u>	<u>1,166,787</u>

TOURNIGAN MINING EXPLORATIONS LTD.

SCHEDULE OF DEFERRED ADMINISTRATIVE COSTS

FOR THE YEAR ENDED AUGUST 31, 1979

	Balance August 31, 1978 \$	Costs during the year \$	Balance August 31, 1979 \$
Advertising and promotion	38,394	8,253	46,647
B.C. Capital tax	5,289	1,828	7,117
Depreciation	9,198	813	10,011
Finder's fee	12,750		12,750
Insurance	6,328	688	7,016
Interest and bank charges	2,178	11,752	13,930
Interest on shareholders' advances	12,798	6,782	19,580
Legal, accounting and audit	70,742	15,655	86,397
Management salaries and benefits	162,595	26,068	188,663
Office and postage	34,024	3,979	38,003
Printing and stationery	17,699	3,140	20,839
Rent	32,335	6,691	39,026
Secretarial services	48,529	17,069	65,598
Stock exchange fees	15,060	2,300	17,360
Telephone and telegraph	21,269	4,582	25,851
Transfer agent fees	7,811	3,072	10,883
Travel	8,826	4,046	12,872
Sundry	9,200	1,679	10,879
	<u>515,025</u>	<u>118,397</u>	<u>633,422</u>
Less: Interest income	<u>12,855</u>	<u>1,666</u>	<u>14,521</u>
TOTAL	<u><u>502,170</u></u>	<u><u>116,731</u></u>	<u><u>618,901</u></u>

TOURNIGAN MINING EXPLORATIONS LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1979

	1979 \$	1978 \$
SOURCE OF WORKING CAPITAL		
Capital stock issued for exploration costs	35,453	280,791
Capital stock issued for mineral properties		47,125
Capital stock issued in repayment of shareholders' loans	126,301	
Capital stock issued for cash	285,000	7,500
Proceeds on disposal of fixed assets	<u>75</u>	<u>4,301</u>
	<u>446,829</u>	<u>339,717</u>
USE OF WORKING CAPITAL		
Exploration, development and administrative costs	261,142	373,572
Deduct: Depreciation which does not require use of working capital	<u>8,596</u>	<u>9,239</u>
	252,546	364,333
Mineral properties and options	14,560	73,175
Fixed asset additions	<u>6,280</u>	<u>46,909</u>
	<u>273,386</u>	<u>484,417</u>
(INCREASE) DECREASE IN WORKING CAPITAL	(173,443)	144,700
WORKING CAPITAL DEFICIENCY - BEGINNING OF YEAR	<u>176,455</u>	<u>31,755</u>
WORKING CAPITAL DEFICIENCY - END OF YEAR	<u><u>3,012</u></u>	<u><u>176,455</u></u>
REPRESENTED BY:		
Current liabilities	85,738	186,800
Current assets	<u>82,726</u>	<u>10,345</u>
WORKING CAPITAL DEFICIENCY - END OF YEAR	<u><u>3,012</u></u>	<u><u>176,455</u></u>

TOURNIGAN MINING EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 1979

1. SIGNIFICANT ACCOUNTING POLICIES

Values

The amounts shown for mineral properties, investments and deferred costs represent costs to date and do not necessarily reflect present or future values.

Mineral Properties and Deferred Costs

The company records its interest in mineral properties at ascribed amount or at cost. Exploration, development and administrative costs relating to these interests are deferred on the basis of the areas of interest to which they relate until the properties are placed into production, sold or allowed to lapse. Costs will be amortized over the estimated useful life of the property following commencement of commercial production or written off to deficit if sold or allowed to lapse.

The company allocates administration costs to mineral properties in the same proportion as exploration and development costs.

Depreciation and Amortization

Depreciation is charged on the declining balance basis at rates sufficient to amortize the cost of the fixed assets over their estimated useful lives:

Camp buildings	- 10%
Field and office equipment	- 20%
Automotive equipment	- 20%

Government Grants

Grants received from the government of British Columbia for assistance with exploration and development activities are applied to reduce costs in the year of receipt.

TOURNIGAN MINING EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 1979

2. INVESTMENTS

	1979	1978
	\$	\$
Tormex Resources Ltd. (N.P.L.)		
90,000 escrowed shares (quoted value, free shares - \$279,000; 1978 - \$112,250)	4,950	4,950
Lorado Mining Corporation (N.P.L.)		
50,000 shares (no quoted value) (note 3)	—	—
	<u>4,950</u>	<u>4,950</u>

3. MINERAL PROPERTIES AND OPTIONS

As at August 31, 1979, the company owned or was acquiring under option the following mineral properties in the Liard and Skeena Mining Divisions of British Columbia:

	Balance August 31, 1978	Acquired during year	Written off during year	Balance August 31, 1979
	\$	\$	\$	\$
Atan Lake	75,000			75,000
Bear Pass	80,425		75	80,350
Big Missouri	179,665	12,345		192,010
Windsor (note 2)	9,500			9,500
Other	<u>15</u>	<u>2,215</u>	—	<u>2,230</u>
	<u>344,605</u>	<u>14,560</u>	<u>75</u>	<u>359,090</u>

- (a) By an agreement made December 8, 1978 Western Mines Limited ("Western") was granted the right to acquire all of the company's interest in the Big Missouri property, subject to a royalty in favour of the company, by purchasing shares, conducting exploration, completing a feasibility study and committing to place the property in production.

Under the terms of the option Western has purchased 100,000 shares of the company at \$1.00 per share and, to keep the option in good standing, must acquire up to 600,000 additional shares (note 6) and incur exploration costs aggregating \$1,700,000 by December 31, 1984. Subsequently the option may be extended annually by payment to the company of \$50,000 during each of the first three years and \$150,000 each year thereafter.

TOURNIGAN MINING EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 1979

3. MINERAL PROPERTIES AND OPTIONS (continued)

Upon commencing commercial production Western must pay the company a 5% net profit royalty until Western has recovered its pre-production costs after which the company will receive a 30% net profit royalty reducing to 22-1/2% if Western pays \$1,000,000 within 90 days of production commencing.

- (b) By agreement made as of August 24, 1978 the company granted to Lorado Mining Corp. ("Lorado") an option to acquire the Windsor property comprising 10 Crown granted mineral claims. Lorado exercised the option with the issuance of 50,000 shares of Lorado to the company and must issue a further 75,000 shares on December 1, 1979, 75,000 shares on December 1, 1980 and 100,000 shares on December 1, 1981. Lorado must also pay to the company a royalty of 12-1/2% of net profit from the property.

4. DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE COSTS

Deferred costs, after deduction of option payments received, are allocated:

	Balance August 31, 1978 \$	Costs during year \$	Balance August 31, 1979 \$
Atan Lake	272,234	747	272,981
Bear Pass	139,745	59,081	198,826
Bear Pass West		66,809	66,809
Big Missouri	481,700	81,716	563,416
Dalhousie		52,566	52,566
Windsor	<u>9,348</u>	<u>223</u>	<u>9,571</u>
	903,027	261,142	1,164,169
Incorporation costs	<u>2,618</u>	<u> </u>	<u>2,618</u>
	<u>905,645</u>	<u>261,142</u>	<u>1,166,787</u>

During the year the company continued its exploration of the Bear Pass property under an exploration financing agreement with certain participants whereby the participants provided funds for exploration costs on the company's property in return for common shares of the company.

The agreement ended on December 31, 1978, at which date the participants had incurred a further \$35,453 of exploration costs on the property thereby entitling them to the issue of 44,316 common shares of the company.

TOURNIGAN MINING EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 1979

5. FIXED ASSETS

	1 9 7 9			1978
	Cost \$	Accumulated depreciation \$	Net \$	Net \$
Camp buildings	22,225	4,360	17,865	17,578
Office equipment	12,753	9,501	3,252	3,991
Field equipment	30,264	13,919	16,345	16,595
Automotive equipment	<u>10,698</u>	<u>3,851</u>	<u>6,847</u>	<u>8,558</u>
	<u>75,940</u>	<u>31,631</u>	<u>44,309</u>	<u>46,722</u>

6. CAPITAL STOCK

	1979 \$	1978 \$
Authorized -		
10,000,000 shares without nominal or par value		
Issued and fully paid -		
2,125,370 shares for cash	1,084,048	799,048
1,345,500 shares for mineral properties	305,775	305,775
472,541 shares for exploration costs	316,245	280,791
<u>168,041 shares for shareholders' loans</u>	<u>126,301</u>	
<u>4,111,452</u>	<u>1,832,369</u>	<u>1,385,614</u>

During the year ended August 31, 1979, the company issued 300,000 shares for a cash consideration of \$285,000 of the underwriting commissions; 168,401 shares to settle debts to shareholders in the amount of \$126,301 and 44,316 shares (note 4) for exploration costs.

Employee Stock Options

As at August 31, 1979 stock options were outstanding for 210,000 shares exercisable at the following prices:

- (a) \$1.40 per share if exercised on or before August 28, 1980;
- (b) \$1.65 per share if exercised on or before August 28, 1981;
- (c) \$1.90 per share if exercised on or before August 28, 1982.

TOURNIGAN MINING EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 1979

6. CAPITAL STOCK (continued)

Share Purchase Warrants

Share purchase warrants, all of which are exercisable before December 31, 1979, are outstanding as follows:

	Number of shares	Price per share \$
In connection with underwriting agreement		
Series "A" warrants	400,000	1.03
Series "B" warrants (note 9)	100,000	1.03

Share Purchase Rights

Pursuant to an option agreement dated December 8, 1978 the company granted to Western Mines Limited the right to purchase shares of the company provided Western incurs certain agreed amounts of pre-production expenditures as follows:

Election date	Cumulative expenditures incurred \$	Number of shares	Option price per share \$
December 31, 1979	200,000	100,000	1.00
December 31, 1980	500,000	100,000	1.50
December 31, 1981	800,000	100,000	1.50
December 31, 1982	1,100,000	100,000	1.75
December 31, 1983	1,400,000	100,000	2.00
December 31, 1984	1,700,000	100,000	2.25

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

A director was paid aggregate remuneration, including benefits, of \$25,000 for his services as an officer and exploration manager of the company during the year ended August 31, 1979. No directors' fees, as such, were paid.

TOURNIGAN MINING EXPLORATIONS LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 1979

8. INCOME TAXES

No income taxes are payable for the year. At August 31, 1979 the company had approximately \$878,000 of development and exploration expenditures which are available to reduce taxable income in future years. Expenditures incurred under the exploration financing agreements outlined in note 4 are not deductible for tax purposes by the company.

9. SUBSEQUENT EVENTS

On September 21, 1979 the Series "B" warrants outlined in note 6 were exercised for total consideration of \$103,000 and from the proceeds the company paid off its bank loan of \$35,000.