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PRESIDENT'S REPORT

AS PRESENTED TO THE
13TH ANNUAL MEETING OF
TOURNIGAN MINING EXPLORATIONS LTD.

HELD JANUARY 17, 1980, 7:30 P.M.

AT THE
ENGINEERS' CLUB
VANCOUVER, CANADA

PRESIDENT'S REPORT TO SHAREHOLDERS

January 17, 1980

Hind-sight is a wonderful thing. Looking backwards, it appears that Tournigan made a wise choice in deciding to concentrate on precious metals back in 1972.

Our efforts in the Stewart area have been very rewarding, and the Company now holds over 450 mineral claims on gold-silver prospects in that area.

BIG MISSOURI PROPERTY - (Gold-Silver-Lead-Zinc) - 142 claims

Western Mines began field work July 1, 1979 and continued until October 17, 1979, spending approximately \$275,000. Emphasis for the 1979 program was for a geological appraisal of the known mineralized showings to define stratigraphic and structural control of the mineralization. Geologic mapping of surface and underground workings and a small amount of resampling of showings, both on surface and underground, was followed by trenching and 3188' of NQ drilling in seven holes. Drilling was intended to test geologic concepts resulting from the mapping program and not to define tonnage. Closely spaced diamond drilling of mineralized zones is planned by Western in the 1980 exploration program. Geochemical and geophysical surveys were also completed and have defined a number of large highly anomalous zones. Numerous significant assays were obtained in drilling and chip sampling during 1979. Drilling on the Province claim has defined a near surface gently dipping zone of significant Au-Ag-Pb-Zn mineralization with 0.10 to 0.15 oz/t Au and up to 0.35 oz/t Ag. A surface trench, 22 meters in length and perpendicular to the strike of the

zone and covering only part of the zone gave 0.10 oz/t Au and 0.95 oz/t Ag with assays as high as 0.37 oz/t Au and 2.87 oz/t Ag. This zone is above the old workings of the Big Missouri Mine (which was in production from 1938-1942 at 750 tons per day). In other drill holes intersections of up to 0.48 oz/t Au were obtained.

Panel sampling on the Dago 50 level (by Tournigan, 1978, and Western, 1979) has returned 0.13 oz/t Au and 3.62 oz/t Ag over 56.5 meters of continuous drift length. Numerous other high grade Au and Ag values have been obtained over shorter intervals in other parts of the Dago workings and in adjoining Mann workings. Sampling of trenches on the Terminus showings have indicated values up to 1.20 oz/t Au over narrow widths within lower grade Au-Ag-Pb-Zn mineralization. Resampling of trenches in the "49" zone in the northwest part of the property has shown high values in Ag and lower Au values with 7.4 oz/t Ag and 0.06 oz/t Au over six meters true thickness, including values as high as 20.3 oz/t Ag and 0.112 oz/t Au. Numerous other significant values of Au and Ag were obtained in many of the other mineralized zones, including the old Big Missouri workings.

As mentioned earlier, an extensive closely-spaced diamond drilling program will commence early in the 1980 field season.

Although our "Big Missouri Property" is the most advanced in terms of development work, the Company owns two other extremely important gold-silver prospects in the same vicinity, and they are known as the "Bear Pass Property" and the "Outland Silver Bar Property."

BEAR PASS PROPERTY - (Gold-Silver-Copper) - 116 claims

Since 1976, when Tournigan's management became interested in this location, the Company, through a series of negotiations, has accumulated and consolidated 116 mineral claims. The area encompassed by this consolidation is just over nine kilometers long (5.4 miles) and six kilometers (3.6 miles) wide.

Having utilized the services of staff and outside mining professionals and expended some \$1/3 million in a variety of activities, including geological appraisals, surveying, mapping, diamond core drilling, etc., the Company's management has ascertained that the Bear Pass Property is volcanogenic and consists of massive sulphides containing gold, silver, copper, lead and zinc.

This property contains dozens of old tunnels and received extensive exploration attention by early developers including Cominco. On the George Gold-Copper claims, which form a part of the Bear Pass consolidation, the beginnings of an ore body have been indicated by drilling conducted in the 1920's and by Tournigan in 1976. Estimates vary from engineer to engineer, but somewhere between 100,000 and 500,000 tons of 2.2% copper with 0.06 ounces gold and 0.6 ounces silver per ton are indicated by drilling and surface work. The true potential tonnage is not known at this time, although this property has the potential to become a major copper-gold producer, and serious negotiations are under way at the time of this writing with interested major mining companies.

OUTLAND SILVER BAR PROPERTY - (Silver-Gold-Lead-Zinc)

This property contains 31 claims and adjoins the Big Missouri property on the west side. It was acquired in February, 1979 as reverted Crown grants from the British Columbia government and was acquired as a result of geological information obtained during the 1978 program on the Big Missouri.

Work on the Outland Silver Bar dates back to the 1920's when 15 tunnels were driven on the mineralized zones by the early developers and high-grade silver was reported from numerous trenches and tunnels.

During the 1979 field season, Tournigan geologists sampled many of these old workings and obtained several ounces of silver per ton with good lead and zinc over large widths on the property.

This old silver property is being reassessed as a possible open pit. A comprehensive program is being planned for the 1980 season which will include extensive diamond core drilling.

OTHER PROPERTIES

In addition to the three major properties described above, Tournigan owns a number of other precious and base metal properties that are developed to varying degrees at the present time.

As an example, in the last week of exploration in the Stewart area in the fall of 1979, a brand new gold discovery was made by a company consultant in the Sulphurets

Creek area, which is 75 kilometers north of Stewart, B.C. Tournigan staked 40 claims on this new discovery, and our intention is to find a suitable partner to provide the capital for its development.

In northern British Columbia, 25 miles east of Cassiar, B. C. in the path of the proposed British Columbia railroad extension, Tournigan owns 44 claims called the Atan Lake property. The company has been working sporadically on this property since 1966, and as a consequence of a total expenditure of approximately \$1/2 million, there is an excellent chance that this property may contain a vast deposit of high grade barite with an added unknown potential for zinc. In the dozen or so diamond drill holes drilled over the past few years on this property, high grade barite was encountered near surface in several holes, and in other holes zinc up to 17% was encountered over short distances. The property is classically known as a Mississippi Valley type stratiform zinc deposit, and, in the case of Atan Lake, the barite gangue associated with the zinc may be a source for an open pit barite mining situation which could provide barite drilling mud to the oil drilling industry in northern Canada at a time when barite is in tremendous demand and in very short supply.

At the present time the company is involved in serious negotiations with two very large oil drilling mud suppliers interested in the immediate development of the Atan Lake property on a lease basis, which could provide the company with a very substantial cash flow in the near future. As the negotiations progress and if an agreement is reached, shareholders will be informed.

MOST RECENT DEVELOPMENTS

On Monday, January 14, 1980, after three years of intermittent negotiations with a property owner, the Company was successful in obtaining an option to acquire 100% interest on very favourable terms in a gold property in the Stewart area with excellent potential. At the time of this 13th Annual Meeting, a crew is in the Stewart area staking additional claims around this property.

FINANCES

Attached to this letter is a statement of Source and Use of Working Capital dated January 7, 1980. It is very obvious from the examination of this statement that the Company is in a favourable financial position with \$280,000 cash in the bank and no immediate commitments.



J. N. HEMBLING,
President