
TUMI RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2010 AND 2009

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tumi Resources Limited

We have audited the accompanying consolidated financial statements of Tumi Resources Limited, which comprise the consolidated balance sheets as at December 31, 2010 and 2009, the consolidated statements of loss, comprehensive loss and deficit and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tumi Resources Limited as at December 31, 2010, and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.
April 14, 2011

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TUMI RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2010	2009
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	833,472	265,713
Amounts receivable	42,400	47,341
Prepays	<u>18,714</u>	<u>4,662</u>
	894,586	317,716
PROPERTY AND EQUIPMENT (Note 3)	119,652	120,512
MINERAL RESOURCE INTERESTS (Note 4)	4,021,421	3,800,501
OTHER	<u>14,073</u>	<u>14,908</u>
	<u><u>5,049,732</u></u>	<u><u>4,253,637</u></u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>149,626</u>	<u>104,300</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 5)	15,114,818	13,897,174
CONTRIBUTED SURPLUS (Note 7)	2,061,745	1,980,735
DEFICIT	<u>(12,276,457)</u>	<u>(11,728,572)</u>
	<u>4,900,106</u>	<u>4,149,337</u>
	<u><u>5,049,732</u></u>	<u><u>4,253,637</u></u>

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 14)

APPROVED BY THE DIRECTORS

"David Henstridge" , Director

"Nick DeMare" , Director

The accompanying notes and schedule are an integral part of these annual consolidated financial statements.

TUMI RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF
LOSS AND COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31

	2010 \$	2009 \$
EXPENSES		
Accounting and administration	22,150	31,400
Amortization	6,644	6,644
Audit	25,500	34,170
Consulting	54,716	44,058
General exploration	154,236	104,618
Investment conferences	8,112	7,639
Investor relations	30,000	31,500
Legal	2,622	3,138
Management fees	96,000	90,182
Office	13,797	12,544
Regulatory	8,910	10,058
Rent	4,800	5,300
Salaries and benefits	7,017	12,269
Shareholder costs	2,148	2,089
Stock-based compensation (Note 6)	81,010	125,925
Transfer agent	7,205	6,776
Travel and related	22,915	22,026
	<u>547,782</u>	<u>550,336</u>
LOSS BEFORE OTHER ITEMS	<u>(547,782)</u>	<u>(550,336)</u>
OTHER ITEMS		
Gain (loss) on disposal of equipment	6,085	(717)
Interest and other income	18,986	8,115
Foreign exchange	(12,969)	(21,282)
Write-off of mineral resource interests (Note 4)	(12,205)	(441,854)
	<u>(103)</u>	<u>(455,738)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(547,885)	(1,006,074)
DEFICIT - BEGINNING OF YEAR	<u>(11,728,572)</u>	<u>(10,722,498)</u>
DEFICIT - END OF YEAR	<u>(12,276,457)</u>	<u>(11,728,572)</u>
LOSS PER COMMON SHARE - BASIC AND DILUTED	<u>\$(0.02)</u>	<u>\$(0.03)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	<u>34,979,368</u>	<u>30,583,680</u>

The accompanying notes and schedule are an integral part of these annual consolidated financial statements.

TUMI RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2010 \$	2009 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(547,885)	(1,006,074)
Adjustments for items not involving cash		
Amortization	6,644	6,644
Stock-based compensation	81,010	125,925
Write-off of mineral resource interests	12,205	441,854
(Gain) loss on disposal of equipment	<u>(6,085)</u>	<u>717</u>
	(454,111)	(430,934)
Decrease in amounts receivable	4,941	37,130
(Increase) decrease in prepaids	(14,052)	2,711
Increase (decrease) in accounts payable and accrued liabilities	<u>59,243</u>	<u>(134,894)</u>
	<u>(403,979)</u>	<u>(525,987)</u>
INVESTING ACTIVITIES		
Expenditures on mineral resource interests	(232,694)	(191,094)
Purchases of property and equipment	(25,503)	-
Other assets	835	-
Proceeds from sale of equipment	<u>11,456</u>	<u>23,925</u>
	<u>(245,906)</u>	<u>(167,169)</u>
FINANCING ACTIVITIES		
Issuance of common shares	1,237,500	547,700
Share issue costs	<u>(19,856)</u>	<u>(21,521)</u>
	<u>1,217,644</u>	<u>526,179</u>
INCREASE (DECREASE) IN CASH - DURING THE YEAR	567,759	(166,977)
CASH - BEGINNING OF YEAR	<u>265,713</u>	<u>432,690</u>
CASH - END OF YEAR	<u><u>833,472</u></u>	<u><u>265,713</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION - Note 11

The accompanying notes and schedule are an integral part of these annual consolidated financial statements.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. NATURE OF OPERATIONS

Tumi Resources Limited (the “Company”) is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals on mineral properties located in Mexico and Sweden. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing mineral resource interests for the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian GAAP. The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, TMXI Resources S.A. de C.V., Kay Metals Ltd. and TM Resources A.B. Intercompany balances and transactions are eliminated on consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of mineral resource interests, property and equipment and stock-based compensation. Actual results may differ from those estimates.

Cash Equivalents

Cash equivalents include short-term deposits maturing within 90 days of the original date of acquisition. As at December 31, 2010 the Company does not hold any short-term deposits. The Company is not exposed to significant credit or interest rate risk although cash balances are held in excess of federally incurred limits with major banking institutions.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Resource Interests

Unproven mineral resource interests costs and exploration, development and field support costs directly relating to mineral interests are deferred until the interests to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the mineral interest is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific mineral interest are expensed as incurred.

On a periodic basis, management reviews the carrying values of deferred unproven mineral resource interest acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Although the Company has taken steps to verify title to the unproven mineral resource interests, according to the usual industry standards for the stage of exploration of such mineral interests, these procedures do not guarantee the Company's title. Such mineral interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of mineral resource interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral resource interest costs or recoveries when the payments are made or received.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets, at a rate of 5% for the condominium and 20% for office furniture and equipment and vehicles.

Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As at December 31, 2010, the Company does not have any asset retirement obligations.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation of Foreign Currencies

The Company's foreign operations conducted through its subsidiaries are of an integrated nature and, accordingly, the temporal method of foreign currency translation is used for conversion of foreign denominated amounts. Monetary assets and liabilities are translated into Canadian dollars at the balance sheet date rate of exchange and non-monetary assets and liabilities at historical rates. Revenues and expenses are translated at appropriate transaction date rates except for amortization, depreciation and depletion, which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as they are earned, with offsetting amounts recognized as contributed surplus.

Income Taxes

Future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantively enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change is substantively enacted. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

Earnings (Loss) Per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Financial Instruments

Under Section 3251, *Equity*, and Section 3855, *Financial Instruments - Recognition and Measurement*, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets is removed from the balance

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

sheet. Loans and receivables, held- to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financing will be expensed in the period incurred.

The Company has designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Comprehensive Income

Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the consolidated financial statements.

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate the new accounting standards to have an impact on the Company's consolidated financial statements.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3. PROPERTY AND EQUIPMENT

	2010	2009
	\$	\$
Condominium	132,840	132,840
Office furniture and equipment	41,388	14,711
Vehicles	<u>23,439</u>	<u>67,840</u>
	197,667	215,391
Less accumulated amortization	<u>(78,015)</u>	<u>(94,879)</u>
	<u><u>119,652</u></u>	<u><u>120,512</u></u>

4. MINERAL RESOURCE INTERESTS

	2010			2009		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Sweden						
Bergslagen (a)	267,515	1,365,012	1,632,527	260,354	1,302,522	1,562,876
Mexico						
La Trini (b)	586,272	1,410,650	1,996,922	586,272	1,404,100	1,990,372
Mezquite (c)	31,353	94,332	125,685	-	-	-
Sonora (d)	<u>35,910</u>	<u>230,377</u>	<u>266,287</u>	<u>35,910</u>	<u>211,343</u>	<u>247,253</u>
	<u><u>921,050</u></u>	<u><u>3,100,371</u></u>	<u><u>4,021,421</u></u>	<u><u>882,536</u></u>	<u><u>2,917,965</u></u>	<u><u>3,800,501</u></u>

(a) Bergslagen District, Sweden

The Company has acquired, through staking, mineral concessions in Sweden. As at December 31, 2010 the Company maintains ten exploration properties located in the Bergslagen District in south-central Sweden.

During fiscal 2010 the Company relinquished certain mineral concessions and wrote-off \$12,205 (2009 - \$7,937) in acquisition and exploration expenditures.

On April 28, 2008, as amended, the Company entered into an agreement with Goldsearch Limited (“Goldsearch”), whereby Goldsearch was granted an option to earn an undivided 70% interest in the Company’s Jugansbo, Sala 4, and Hallefors mineral concessions in the Bergslagen District, Sweden, by incurring a total of 1,000,000 Euros on exploration expenditures by April 28, 2012.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

4. MINERAL RESOURCE INTERESTS (continued)

(b) La Trini, Mexico

The Company owns a 100% interest in the La Trini and Mololoa mineral claims (“La Trini Project”). The La Trini Project covers 356 hectares and is located in the Jalisco silver belt approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico.

The La Trini Project is subject to a 1% net smelter return royalty (“NSR”) and the Company has the right to reduce the NSR to 0.5% through a cash payment of US \$1,000,000.

(c) Mezquite, Mexico

On May 7, 2010 the Company entered into option agreements to acquire a 90% interest in three mineral claims (the “Mezquite Project”) comprising 167 hectares located east of Hermosillo, Sonora., Mexico, under which the Company has paid US \$30,000 and has agreed to pay a further US \$300,000 as follows:

Due Date	US \$
May 7, 2011	50,000
May 7, 2012	70,000
May 7, 2013	90,000
May 7, 2014	<u>90,000</u>
	<u><u>300,000</u></u>

The Company retains the right to purchase the remaining 10% interest for US \$500,000.

(d) Sonora, Mexico

As at December 31, 2010 the Company maintains a portfolio of three mineral prospects located in Sonora State, Mexico.

During fiscal 2009 the Company wrote-off \$433,917 in acquisition and exploration expenditures.

On June 1, 2007 the Company signed a letter agreement with Minera Genminmex S.A. (“Genminmex”). Under the terms of the letter agreement, Genminmex would earn a 60% interest in two exploration concessions covering the Batamote 1 and 2 (the “Batamote Concessions”), located in Sonora, Mexico, by incurring expenditures of US \$2,000,000 over five years. Upon earning the 60% interest, Genminmex could then earn an additional 10% interest by incurring an additional US \$3,000,000 over seven years or completing a final feasibility study. On January 21, 2011 the Company sold the Batamote Concessions to Genminmex for US \$330,000. The Company retains a 3% NSR.

(e) See also Note 14(iii).

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

5. SHARE CAPITAL

Authorized: unlimited common shares with no par value

Issued:	2010		2009	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of year	<u>31,447,039</u>	<u>13,897,174</u>	<u>27,795,706</u>	<u>13,379,705</u>
Issued during the year				
For cash				
private placements	10,500,000	1,200,000	3,651,333	547,700
exercise of warrants	<u>250,000</u>	<u>37,500</u>	<u>-</u>	<u>-</u>
	10,750,000	1,237,500	3,651,333	547,700
Less share issue costs	<u>-</u>	<u>(19,856)</u>	<u>-</u>	<u>(30,231)</u>
	<u>10,750,000</u>	<u>1,217,644</u>	<u>3,651,333</u>	<u>517,469</u>
Balance, end of year	<u><u>42,197,039</u></u>	<u><u>15,114,818</u></u>	<u><u>31,447,039</u></u>	<u><u>13,897,174</u></u>

(a) During fiscal 2010 the Company completed non-brokered private placement financings of:

- (i) 3,000,000 units, at a price of \$0.10 per unit, for gross proceeds of \$300,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitled the holder to purchase one additional share for a period of two years, at a price of \$0.15 per share on or before March 25, 2012. The Company paid a finder's fee of \$1,200. The Company also incurred \$2,750 for filing fees on this private placement.

Certain directors of the Company purchased 300,000 units of this private placement; and

- (ii) 7,500,000 units, at a price of \$0.12 per unit, for gross proceeds of \$900,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitled the holder to purchase one additional share for a period of two years, at a price of \$0.15 per share on or before November 3, 2011 and, thereafter, at a price of \$0.20 per share on or before November 3, 2012. The Company paid \$10,656 cash as finder's fees on a portion of the financing. The Company also incurred \$5,250 for filing fees on this private placement.

Certain directors of the Company and their family members purchased 483,000 units of this private placement.

(a) During fiscal 2009 the Company:

- (i) completed a non-brokered private placement of 351,333 units, at a price of \$0.15 per unit, for gross proceeds of \$52,700. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitled the holder to purchase one additional share for a period of two years, at a price of \$0.20 per share on or before December 23, 2010 and at a price of \$0.25 per share on or before December 23, 2010;

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

5. SHARE CAPITAL (continued)

- (ii) completed a non-brokered private placement of 2,500,000 units, at a price of \$0.15 per unit, for gross proceeds of \$375,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitled the holder to purchase one additional share for a period of two years, at a price of \$0.20 per share on or before February 18, 2010 and at a price of \$0.25 per share on or before February 18, 2011, subject to a forced conversion that comes into effect once the shares trade at a weighted average price of \$0.40 per common share for a period of 20 consecutive trading days. Certain directors and officers of the Company purchased 400,000 units of the private placement.

The Company paid a finder's fee of \$16,080 cash and issued 67,000 finder's fee warrants on a portion of the financing. The finder's fee warrants have the same terms and conversion provisions as the private placement warrants. The fair value of the finder's fee warrants have been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 148%; a risk free interest rate of 1.48%; and an expected life of 2 years. The value assigned to the finder's fee warrants was \$8,710; and

- (iii) completed a non-brokered private placement of 800,000 units, at a price of \$0.15 per unit, for gross proceeds of \$120,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitled the holder to purchase one additional share for a period of two years, at a price of \$0.20 per share on or before March 25, 2010 and at a price of \$0.25 per share on or before March 25, 2011, subject to a forced conversion that comes into effect once the shares trade at a weighted average price of \$0.40 per common share for a period of 20 consecutive trading days.

The Company also incurred \$5,441 for filing fees on these private placements.

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2010 and 2009 and the changes for the years ended on those dates is as follows:

	<u>2010</u>		<u>2009</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	3,718,333	0.20	-	-
Issued	10,500,000	0.15	3,718,333	0.20
Exercised	<u>(250,000)</u>	0.15	<u>-</u>	-
Balance, end of year	<u>13,968,333</u>	0.16	<u>3,718,333</u>	0.20

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

5. SHARE CAPITAL (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding at December 31, 2010:

Number	Exercise Price \$	Expiry Date
2,567,000	0.25	February 18, 2011
800,000	0.25	March 25, 2011
351,333	0.25	December 23, 2011
2,750,000	0.15	March 25, 2012
<u>7,500,000</u>	0.15 / 0.20	November 3, 2011 / 2012
<u>13,968,333</u>		

See also Note 14.

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During fiscal 2010 the Company granted 927,000 (2009 - 1,258,000) stock options to the Company's employees, directors, officers and consultants and recorded compensation expense of \$77,960 (2009 - \$103,790). In addition, the Company recorded \$1,750 (2009 - \$10,775) of compensation expense for options which had vested during the period.

The fair value of stock options granted and vested during fiscal 2010 and 2009 is estimated using the Black-Scholes option pricing model with the following assumptions:

	2010	2009
Risk-free interest rate	1.48% - 2.47%	1.81% - 1.95%
Estimated volatility	134% - 155%	126% - 128%
Expected life	2 years - 3 years	3 years
Expected dividend yield	0%	0%

The average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during fiscal 2010 to the Company's employees, directors and consultants was \$0.09 (2009 - \$0.08) per share.

During fiscal 2010 the Company repriced stock options previously granted to purchase 100,000 common shares, from an original exercise price of \$0.15 per share to a revised exercise price of \$0.10 per share. The fair value of the repriced stock options have been estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 1.07% - 1.32%; estimated volatility 89% - 121%; expected life 0.58 years to 1.83 years; expected dividend yield 0%; and estimated forfeiture rate 0%. The value assigned to the re-pricing of the stock options was \$1,300.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

During fiscal 2009 the Company repriced stock options previously granted to purchase 357,000 common shares, from original exercise prices ranging from \$0.50 per share to \$0.80 per share, to a revised exercise price of \$0.15 per share. The fair value of the repriced stock options have been estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate 0.34% - 1.03%; estimated volatility 148% - 195%; expected life 0.125 years to 2 years; expected dividend yield 0%; and estimated forfeiture rate 0%. The value assigned to the re-pricing of the stock options was \$11,360.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

A summary of the Company's outstanding stock options at December 31, 2010 and 2009 and the changes for the years ended on those dates is as follows:

	<u>2010</u>		<u>2009</u>	
	Options Outstanding	Weighted Average Exercise Price \$	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	2,639,600	0.31	2,480,000	0.56
Granted	927,000	0.10	1,258,000	0.15
Expired	<u>(365,000)</u>	0.68	<u>(1,098,400)</u>	0.55
Balance, end of year	<u>3,201,600</u>	0.21	<u>2,639,600</u>	0.31

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2010:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
565,600	565,600	0.50	April 9, 2011
250,000	250,000	0.15	April 9, 2011
30,000	30,000	0.10	April 9, 2011
171,000	171,000	0.30	July 20, 2011
853,000	853,000	0.15	March 5, 2012
70,000	70,000	0.10	July 14, 2012
335,000	335,000	0.15	July 14, 2012
615,000	607,500	0.10	June 14, 2013
62,000	62,000	0.10	August 3, 2013
<u>250,000</u>	<u>250,000</u>	0.10	October 6, 2013
<u>3,201,600</u>	<u>3,194,100</u>		

See also Note 14.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

7. CONTRIBUTED SURPLUS

Contributed surplus for fiscal 2010 and 2009 is comprised of the following:

	2010 \$	2009 \$
Balance, beginning of year	1,980,735	1,846,100
Stock-based compensation on options (Note 6)	81,010	125,925
Stock-based compensation on agent's warrants	-	8,710
	<u>2,061,745</u>	<u>1,980,735</u>

8. INCOME TAXES

Future income tax assets and liabilities of the Company as at December 31, 2010 and 2009 are as follows:

	2010 \$	2009 \$
Future income tax assets		
Non-capital losses	1,352,200	1,204,200
Capital losses	192,000	192,000
Share issue costs	17,300	50,500
Mineral resource interests	412,000	428,100
	<u>1,973,500</u>	<u>1,874,800</u>
Valuation allowance	(1,973,500)	(1,874,800)
Net future income tax asset	<u>-</u>	<u>-</u>

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss and deficit differs from the amounts obtained by applying substantively enacted statutory rates to the loss before provision for income taxes due to the following:

	2010 \$	2009 \$
Combined federal and provincial income tax rate	<u>28.5%</u>	<u>30.00%</u>
Expected income tax recovery	(156,100)	(301,800)
Effect of income tax rate changes	55,700	37,200
Foreign income tax rate differences	(700)	(13,600)
Non-deductible stock-based compensation	23,100	37,800
Unrecognized benefit of income tax losses	121,500	284,700
Other	(43,500)	(44,300)
Actual income tax recovery	<u>-</u>	<u>-</u>

As at December 31, 2010, the Company has non-capital losses of approximately \$3,880,300, capital losses of approximately \$1,535,800 and accumulated pools of approximately \$69,000 for Canadian income tax purposes to offset against future income. The non-capital losses expire commencing 2011 to 2030. The capital losses can be carried forward indefinitely.

The Company also has non-capital losses of approximately \$1,064,500 for Mexican income tax purposes and approximately \$319,500 for Swedish income tax purposes.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

8. INCOME TAXES (continued)

Future income tax benefits which may arise as a result of these losses have not been recognized in the financial statements as their realization is unlikely.

9. RELATED PARTY TRANSACTIONS

During fiscal 2010 and 2009 the Company:

- i) incurred \$46,350 (2009 - \$48,700) for office rent and accounting, management and administration services provided by an officer and a private corporation owned by a director of the Company;
- ii) incurred \$96,000 (2009 - \$96,000) for management services provided by the President of the Company. Of this amount, \$nil (2009 - \$5,818) has been capitalized as geological costs in mineral resource interests and \$96,000 (2009 - \$90,182) expensed as management fees; and
- iii) received \$17,250 (2009 - \$6,792) for rental of its condominium in Peru, and was reimbursed \$23,100 (2009 - \$23,450) for shared office personnel from public companies with certain directors in common.

As at December 31, 2010, \$92,800 (2009 - \$62,100) remained outstanding and has been included in accounts payable and accrued liabilities.

Unless otherwise stated, related party transactions are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

See also Note 5.

10. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities in Mexico and Sweden. The Company also owns a condominium in Peru. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	2010				
	Canada	Mexico	Peru	Sweden	Total
	\$	\$	\$	\$	\$
Current assets	838,203	41,478	-	14,905	894,586
Property and equipment	-	26,649	89,657	3,346	119,652
Mineral resource interests	-	2,388,894	-	1,632,527	4,021,421
Other assets	-	-	-	14,073	14,073
	<u>838,203</u>	<u>2,457,021</u>	<u>89,657</u>	<u>1,664,851</u>	<u>5,049,732</u>

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

10. SEGMENTED INFORMATION (continued)

	2009				
	Canada	Mexico	Peru	Sweden	Total
	\$	\$	\$	\$	\$
Current assets	243,709	50,179	-	23,828	317,716
Property and equipment	-	13,634	96,301	10,577	120,512
Mineral resource interests	-	2,237,625	-	1,562,876	3,800,501
Other assets	-	-	-	14,908	14,908
	<u>243,709</u>	<u>2,301,438</u>	<u>96,301</u>	<u>1,612,189</u>	<u>4,253,637</u>

11. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company for fiscal 2010 and 2009, as follows:

	2010	2009
	\$	\$
Operating activities		
Amortization	14,348	21,318
Accounts payable for mineral resource interests	<u>(13,917)</u>	<u>4,678</u>
	<u>431</u>	<u>25,996</u>
Investing activity		
Expenditures on mineral resource interests	<u>(431)</u>	<u>(25,996)</u>
Financing activities		
Contributed surplus	-	8,710
Share issue costs	<u>-</u>	<u>(8,710)</u>
	<u>-</u>	<u>-</u>
Other supplemental cash flow information:		
	2010	2009
	\$	\$
Interest paid in cash	<u>-</u>	<u>-</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Value of Financial Instruments

During 2009, the CICA amended Section 3862, *Financial Instruments - Disclosures*, to require enhanced disclosure of financial instrument fair value measurements and liquidity risks. Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: inputs that are not based on observable market data.

Financial instruments measured at fair value on the consolidated balance sheet are summarized in levels of fair value hierarchy as follows:

	Level 1 \$	Level 2 \$	Level 3 \$
Cash	<u>833,472</u>	<u>-</u>	<u>-</u>

During fiscal 2010 there were no transfers between Level 1, Level 2 and Level 3 classified assets and liabilities.

The carrying value of amounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is remote. The Company is exposed to credit concentration risk by holding the majority of its cash with a single financial institution. This risk is minimized by holding its cash with a large financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company intends to settle these with funds from its positive working capital position.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company has operations in Canada, Mexico and Sweden subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars, Swedish Krona and Mexican Pesos, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2010, 1 Canadian Dollar was equal to 12.42 Mexican Pesos and 6.76 Swedish Krona.

Balances are as follows:

	Mexican Pesos	Swedish Krona	CDN \$ Equivalent
Cash	249,659	62,959	29,415
Amounts receivable	265,543	37,805	26,973
Accounts payable and accrued liabilities	<u>(37,861)</u>	<u>(73,265)</u>	<u>(13,886)</u>
	<u>477,341</u>	<u>27,499</u>	<u>42,502</u>

Based on the net exposures as of December 31, 2010 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Mexican Peso and Swedish Krona would result in an increase or decrease of approximately \$4,000.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

TUMI RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2010 the Company:

- (i) issued 2,208,000 common shares for \$331,200 cash proceeds on the exercise of warrants and stock options;
- (ii) extended the expiry terms of certain warrants, whereby 2,500,000 warrants were extended from February 18, 2011 to February 18, 2012 and 800,000 warrants were extended from March 25, 2011 to March 25, 2012. All other terms of these warrants remained unchanged;
- (iii) entered into an option agreement to acquire a 100% interest in the La Gloria Project in Mexico under which the Company paid US \$30,000 and has agreed to pay a further US \$1,300,000 over five years. The La Gloria Project is subject to a 1.5% NSR and the Company has the right to reduce the NSR to 1% through a cash payment of US \$500,000; and
- (iv) sold its 100% interest in Kay Metals Ltd. ("Kay Metals") to Mawson Resources Limited, a public company with directors and officers in common, for US \$250,000 cash consideration. The only asset of Kay Metals is the condominium in Peru.

See also Note 4(d).

TUMI RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF MINERAL RESOURCE INTERESTS
FOR THE YEARS ENDED DECEMBER 31

	<u>2010</u>				<u>2009</u>	
	<u>Mexico</u>			<u>Sweden</u>		<u>Total</u> \$
	<u>La</u> <u>Trini</u> \$	<u>Mezquite</u> \$	<u>Sonora</u> \$	<u>Bergslagen</u> <u>District</u> \$	<u>Total</u> \$	
BALANCE - BEGINNING OF YEAR	<u>1,990,372</u>	<u>-</u>	<u>247,253</u>	<u>1,562,876</u>	<u>3,800,501</u>	
COSTS INCURRED DURING YEAR						
EXPLORATION						
Amortization	-	7,117	-	7,231	14,348	21,318
Assays	-	832	4,264	-	5,096	56,931
Assay preparation	-	-	-	-	-	5,312
Camp costs	-	10,687	-	-	10,687	2,141
Consulting	-	2,006	857	-	2,863	8,901
Database	-	-	-	1,154	1,154	831
Equipment rental	-	12,281	-	-	12,281	4,945
Exploration site costs	-	1,597	149	493	2,239	12,156
Fuel	-	4,219	-	334	4,553	3,889
General labour	-	17,532	279	-	17,811	-
Geological	75	-	563	30,471	31,109	14,903
Geophysics	-	28,160	-	33,981	62,141	-
Maps	-	-	-	1,029	1,029	1,047
Property holding costs	6,475	946	12,922	-	20,343	14,679
Repair and maintenance	-	5,112	-	-	5,112	986
Salaries and benefits	-	3,843	-	-	3,843	46,320
Travel	-	-	-	-	-	5,550
	<u>6,550</u>	<u>94,332</u>	<u>19,034</u>	<u>74,693</u>	<u>194,609</u>	<u>199,909</u>
ACQUISITION						
Option payments	-	31,353	-	-	31,353	-
Staking and related costs	-	-	-	7,163	7,163	12,025
	<u>-</u>	<u>31,353</u>	<u>-</u>	<u>7,163</u>	<u>38,516</u>	<u>12,025</u>
	<u>6,550</u>	<u>125,685</u>	<u>19,034</u>	<u>81,856</u>	<u>233,125</u>	<u>211,934</u>
BALANCE BEFORE WRITE-OFFS	1,996,922	125,685	266,287	1,644,732	4,033,626	4,242,355
WRITE-OFFS	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,205)</u>	<u>(12,205)</u>	<u>(441,854)</u>
BALANCE - END OF YEAR	<u>1,996,922</u>	<u>125,685</u>	<u>266,287</u>	<u>1,632,527</u>	<u>4,021,421</u>	<u>3,800,501</u>

TUMI RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

Background

This discussion and analysis of financial position and results of operation is prepared as at April 15, 2011 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2010 and 2009 of Tumi Resources Limited (the "Company"). Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com.

Company Overview

The Company is a junior mineral exploration company primarily engaged in the acquisition and exploration of precious metals on mineral properties located in Mexico and Sweden with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "TM", on the Frankfurt Exchange under the symbol "TUY" and on the Pink Sheets under the symbol "TUMIF".

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Exploration Projects Update

Sweden

The Company has been operating within Bergslagen District of Sweden looking for undiscovered silver and base metal deposits. Bergslagen lies immediately to the northwest of Stockholm and covers an area of approximately 200kms east-west by 150kms north-south. Bergslagen is highly mineralized and is one of the most important ore districts in Europe, containing deposits of iron, manganese, base-metals and silver.

The Company maintains ten properties in the Bergslagen District where five projects are undergoing detailed exploration:

Sala

Sweden's largest historic silver producer, the Sala mine operated for nearly 400 years and produced some of the richest silver ores in the world. More than 200 million ounces of silver are estimated to have been recovered with reported grades of up to 7,000 g/t Ag.

At Sala, the Company has completed a literature search of all historical data from the area, detailed ground mapping and 44 line-kms of detailed ground EM covering the old mine and surrounding prospective ground. As a result of this work a drill target was defined immediately to the west of and parallel to the old mine and extending to the southwest. The potential target strike length is about one kilometre. There is evidence of old drill holes in this area; no information about these holes has been found in the public domain.

During 2008, ten holes totalling 2,282m have been completed on this target zone. Best results from the program include:

- 6.6m at 76 g/t silver, 7% zinc and 1.1% lead (Hole 08-001)
- 7.1m at 81 g/t silver and 10.4% zinc (Hole 08-003)
- 22.1m at 34 g/t silver and 6.3% zinc (Hole 08-003)
- 9.85m at 203 g/t silver and 6.4% zinc (Hole 08-003)
- 6.9m at 66 g/t silver and 7.1% zinc (Hole 08-008)

The mineralization intersected in holes 08-004, 08-006 and 08-008, at a distance of up to 500m along strike from the initial intersection in hole 08-001, demonstrates a one kilometre long massive sulphide target zone to the west of the Sala mine. With funding, this target zone deserves further drilling.

More recently, Tumi has agreed with Boliden Mineral AB to obtain information on 46 drill holes totalling 9,108m in the Sala licence area. This data is a significant cost saving to the Company and an initial drill hole has been completed and is being assessed.

Tomtebo

Earliest records indicate that the Tomtebo mine was first discovered and developed in the mid-17th century producing ores containing copper, zinc, silver and gold. Following an airborne electromagnetic (“EM”) survey completed last autumn, flown along lines spaced 100m apart, the data has been reviewed, modelled and interpreted by an independent geophysicist in Australia. Numerous conductive zones were identified in the database; most were of “cultural” origin (powerlines, culverts, electric fences, buildings), but a few appear to be legitimate targets near the old workings at Tomtebo.

In December of 2007, the Company completed an induced polarization (“IP”) survey covering an area of 1,000m by 800m centered on an airborne electromagnetic (“EM”) anomaly located by the survey as worthy of follow-up. The IP survey supports the existence of the EM anomaly and, in addition, several previously unknown anomalies with high chargeability and low resistivity were detected.

A drill permit has been approved for an initial drill program at Tomtebo and a drill contract has been signed by a Swedish drill contractor. Two diamond drill holes totalling 227.3 m have now been completed, exploring the old workings and a previously untested electromagnetic (“EM”) and induced polarisation (“IP”) anomaly. The drilling has confirmed the geophysical anomalies, and the core is now being logged and sampled for assaying. The drill is being relocated to Vitturn, also located in the Bergslagen District.

Vitturn

One of the better known historic mineral fields in the Bergslagen District is Stollberg where there are deep abandoned base metal and silver mines. Numerous old mines and workings occur along this north-south trending belt over a distance of 12kms. At the northern end of the field the Company owns the Vitturn 1, 2 and 3 licences and believes the host mineral sequence may extend under till cover into this licence area. In order to test the theory, the Company let a contract for a gradient array IP survey totalling about 19 line kms over the zone of interest. The results have been received and interpretation underway.

The induced polarization survey to test the Company’s theory that the favourable mineral horizon extends northwards under till cover into Vitturn 1 and 2 was completed in June, 2008. An independent geophysicist has interpreted the results on behalf of the Company and has reported: “The data quality for the survey is of a very high standard with both the observed resistivity and chargeability data very coherent. The most obvious feature delineated by the data is the coincident high chargeable-low resistivity body that strikes in NNW orientation for approximately 400m. The correlation of the elevated chargeability and the low resistivity, with the good levels of data quality and the high coherency of the chargeability decays makes this a priority anomaly”.

A drill permit has been approved for an initial drill program at Vitturn to test this anomaly. The drill rig is currently being moved to Vitturn, from Tomtebo, to test the 400 m long IP target previously defined in this licence area.

Jonsmossen

The Company has received all results from the 2008 airborne electromagnetics (“EM”) and magnetic surveys over two of the Company’s 100% owned licence areas in the Bergslagen District of Sweden. The licence areas were flown on a 100 m line spacing. Preliminary interpretation of the geophysical results suggests significant EM anomalies underlie both areas. At Jonsmossen, a thorough analysis of the data has revealed the existence of two significant EM anomalies in a prospective stratigraphic horizon, extending from ground level to more than 100m below the surface. A surface inspection of the area has revealed the absence of anthropogenic (cultural) causes for the anomalies suggesting that they may be caused by conductive minerals below the ground surface.

The Jonsmossen licence is located at the southern end of the well known Stollberg historic mineral field and has a similar geological setting, where numerous deep, abandoned silver and base metal mines are found along a north-south trending belt over a distance of 12km. Production records indicate that the historic Stollberg mine produced 3.7 million tons of lead-zinc-silver ore until its closure in 1981.

Three lines of pole-dipole IP were completed over the area of the EM anomalies. The results suggest that the EM anomaly is real and should be drill tested. A drill hole has been programmed to test the best IP target and will be undertaken after the Vitturn drill program.

Lovasen

The results of a line of pole-dipole IP previously undertaken over the area of an EM anomaly suggest the EM anomaly is real and should be drill tested.

Jugansbo, Hällefors and Sala 4

These three licenses have been farmed out to Goldsearch Limited (ASX-GSE) who may earn up to a 70% interest in the properties by incurring exploration expenditures of 1 million Euros by April 28, 2012.

Mexico

As at December 31, 2010 the Company maintained the 100% rights to five properties located in the Mexican states of Jalisco and Sonora. There are three high priority projects which will be the focus of the Company’s immediate ongoing Mexican exploration program, these projects are as follows:

La Trini

Between December 2005 and October 2007 the Company undertook three reverse circulation drill programs at La Trini. At the completion of analyses of all Phase 3 drill holes, a resource calculation was undertaken which has increased the historical resources by about 25%. The calculation was undertaken by an independent qualified geologist in keeping with NI43-101 requirements. Current resources are:

Category	Ag Cut-off (g/t)	Tonnes	Avg. Grade Ag (g/t)	Avg. Grade Au (g/t)	Troy Ounces Ag/Short Ton	Troy Ounces Au/Short Ton
Indicated	30	1,661,359	121.3	0.88	3.54	0.026
Inferred	30	192,880	98.6	0.92	2.88	0.027

Sonora - Batamote

During February 2011 the Company sold the Batamote concessions to High Desert Gold for US \$330,000 plus a 2% NSR.

Sonora - Mezquite

In May 2010, the Company entered into option agreements to acquire the Mezquite silver-zinc-lead project located about 250 kms by road east of Hermosillo, Sonora. Three mineral claims totalling 167 hectares have been optioned from two private Mexican owners. The agreement gives the Company the right to acquire a 90% interest for a total of US \$330,000 over four years of which US \$30,000 has been paid. The Company retains the first right of refusal to

purchase the remaining 10% interest. The vendors retain no royalties. The claims are underlain by historical workings, principally La Perla (aka Mezquite) shaft and surrounding surface workings.

The disseminated nature of the mineralization is ideal for a geophysical exploration method such as induced polarization (IP). The Company completed 11.7 line kms of 3D IP on a 100m line spacing across the claims. The results discovered four high priority drill targets spatially coincident with the known surface workings and elevated geochemistry. RC drilling of the anomalies plus surface mineralization commenced in March 2011. Six holes totalling 980 m tested four chargeable zones defined by a three dimensional IP survey as well as one hole each under the main pit and shaft in the centre of the Mezquite mineralized area. The drilling confirmed the IP anomalies, intersecting wide zones of veinlet quartz with enveloping hematite and fine sulphides. Sampling of the drill cuttings has been completed, and the samples have been submitted to ALS Chemex's prep lab in Hermosillo, Sonora, Mexico.

Sonora - La Gloria

The La Gloria gold-tungsten-tin project is located about 250 km by road east of Hermosillo, Sonora, and 47 km north of the Company's Mezquite property. Two contiguous mineral claims totalling 200 hectares have been optioned from a private Mexican owner. The agreement gives TMXI Resources S.A. de C.V., the Company's wholly-owned Mexican subsidiary, the right to acquire 100% interest for a total of US \$1,330,000 over five years of which US \$30,000 is payable in the first year. A 1.5% NSR is in place of which 0.5% can be purchased for US \$500,000.

A report from 1959 states that La Gloria was discovered around 1955 by a group of Mexican prospectors. During a three week period in 1956, they reportedly produced 120 tons of 65% WO₃ (tungsten oxide) using very crude mining and concentrating methods.

Several companies examined the property, but Union Carbide performed the most work, including mapping, minor blast-hole drilling and sampling over a 2 month period. A report by an engineer in 1957 stated that the property contained an estimated 208,000 tons of 1.5% WO₃ and a potential 3 million tons of undetermined grade, requiring little or no stripping. *These estimates are historical in nature and were compiled prior to the implementation of NI 43-101 reporting standards. Tumi has not completed sufficient exploration to verify the estimates and is not treating them as NI 43-101 defined resources or reserves verified by a Qualified Person; the historical estimate should not be relied upon.*

La Gloria is hosted by a massive garnet-pyroxene skarn spanning an area of at least 600 m NE-SW by 300 m NW-SE and of undetermined thickness. Numerous trenches, pits and adits are found within this area, and the skarn is believed to continue for some distance to the east. A granodioritic to quartz monzonitic intrusive is in contact with the skarn along its southern and western boundaries. The skarn is locally strongly weathered to limonites and jarosite and contains visible pyrite. Scheelite (tungsten-bearing mineral) and molybdenite were noted in the historical records, as was the presence of gold, silver and copper.

As part of a due diligence process, Tumi conducted three campaigns of rock sampling for a total of 117 samples collected from the skarn, nearby intrusive and younger volcanics. At the main workings near the north end of the documented skarn body, a contiguous set of 16 channel samples (32 m) across strike averaged 3.3 g/t gold, 958 ppm (c. 0.1%) tungsten and 498 ppm (0.05%) tin. Highly anomalous bismuth was also noted in these samples. In this area, there is evidence of extensive surface workings extending more than 100 m in length and up to 50 m in width.

A trench near the eastern part of the skarn returned 17.3 m averaging 0.63 g/t gold, 0.23% copper and 467 ppm (c. 0.05%) tungsten, and near the south-central part of skarn, an adit located on marble averaged 724 ppm tungsten (0.07%) and anomalous gold over 10 m. Immediately west of this adit is a roadcut that exposes over 100 m of skarn that abuts the intrusive body along its western contact. This zone was sampled at 5 m intervals and yielded anomalous gold (up to 0.6 g/t) and locally anomalous tungsten. The anomalous tungsten interval was analyzed for tin as well and returned 390 ppm tin over 35 m. The remainder of this roadcut and the two workings described above have not yet been analyzed for tin. Highly anomalous levels of gold, tungsten and tin were discovered elsewhere, spread throughout the extent of the known skarn occurrences.

Field Crews are now focussing on rehabilitating road access into La Gloria. The Company has also initiated a detailed and regional mapping in the project area to define the limits of the skarn mineralization and continue sampling all prospective lithologies; this will advance La Gloria to the drill stage very quickly.

The qualified person for all of the Company's projects is David Henstridge, the Company's president and CEO, a fellow of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Years Ended December 31,		
	2010 \$	2009 \$	2008 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(547,782)	(550,336)	(688,421)
Other items	(103)	(455,738)	(1,616,573)
Net Income (loss)	(547,885)	(1,006,074)	(2,304,994)
Basic and diluted income (loss) per share	(0.02)	(0.03)	(0.08)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	744,960	213,416	284,862
Total assets	5,049,732	4,253,637	4,742,979
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2010				Fiscal 2009			
	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(167,595)	(99,899)	(180,201)	(100,087)	(88,085)	(132,856)	(126,504)	(202,891)
Other items	(21,288)	16,532	855	3,798	413	(449,887)	(5,405)	(859)
Net income (loss)	(188,883)	(83,367)	(179,346)	(96,289)	(87,672)	(582,743)	(131,909)	(203,750)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.02)	(0.00)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	744,960	59,646	194,970	374,861	213,416	271,792	470,143	589,206
Total assets	5,049,732	4,277,935	4,339,091	4,483,990	4,253,637	4,260,781	4,799,378	4,905,813
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2010 Compared to Three Months Ended December 31, 2009

During the three months ended December 31, 2010 (the "2010 Quarter") the Company reported a net loss of \$188,883 compared to a net loss of \$87,672, for the three months ended December 31, 2009 (the "2009 Quarter"), an increase in loss of \$101,211. The increase in loss in the 2010 Quarter is primarily attributed to overall increase in general and administrative expenses.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

During the year ended December 31, 2010 ("fiscal 2010"), the Company incurred a loss of \$547,885 (\$0.02 per share), a decrease in loss of \$458,189, compared to a loss of \$1,006,074 (\$0.03 per share) for the year ended December 31, 2009 ("fiscal 2009"). The decrease in loss during fiscal 2010 is primarily attributed to the write-off of mineral resources interest of \$441,854 in fiscal 2009 compared to \$12,205 in fiscal 2010 and the recognition of stock based compensation of \$125,925 during fiscal 2009 compared to \$81,010 during fiscal 2010.

General and administrative expenses decreased by \$2,554 from \$550,336 during fiscal 2009 to \$547,782 during fiscal 2010. Specific expenses of note are as follows:

- general exploration costs increased by \$49,618, from \$104,618 during fiscal 2009 to \$154,236 during fiscal 2010 period. Fluctuations in general exploration costs is primarily affected by allocations to direct property costs;
- the Company retained Mining Interactive Corp (“Mining Interactive”) to provide investor relations activities on behalf of the Company. During fiscal 2010 the Company paid Mining Interactive \$30,000 (2009 - \$31,500);
- audit fees of \$25,500 (2009 - \$34,170) were paid. The difference between fiscal 2009 and fiscal 2010 was solely due to the timing of billings of the Company’s year-end financial statements.
- stock based compensation of \$81,010 (2009 - \$125,925) was recorded in fiscal 2010 relating to the granting and vesting of stock options;
- management fees expensed have increased by \$5,818, from \$90,182 in fiscal 2009 period to \$96,000 in fiscal 2010. The increase was due solely to a decrease in the portion of the President’s remuneration being capitalized as geological costs; and
- accounting and administration fees of \$22,150 (2009 - \$31,400) were paid for bookkeeping and accounting services provided by Chase Management Ltd. (“Chase”) a private company owned by a director of the Company. In addition, the Company paid \$4,800 (2009 - \$5,300) to Chase for office space provided.

During fiscal 2010 the Company reported \$18,986 interest and other income compared to \$8,115 during fiscal 2009. Interest income of \$1,736 (2009 - \$1,323) was generated from short-term investments and other income of \$17,250 (2009 - \$6,792) from the rental of its condominium in Peru.

During fiscal 2010 period the Company incurred \$233,125 (2009 - \$211,934) on acquisition costs and exploration activities on its mineral resource interests. In aggregate, the Company capitalized \$81,856 (2009 - \$66,744) on its Swedish properties and \$151,269 (2009 - \$145,190) on its Mexican Properties. See “Exploration Projects Update”.

Financial Condition / Capital Resources

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing mineral resource interests for the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

Subsequent to December 31, 2010 the Company sold the Batamote concessions for US \$330,000 and its condominium in Peru for US \$250,000. The Company also issued 2,208,000 common shares for \$331,200 cash on the exercise of warrants and stock options.

Contractual Commitments

The Company has no contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of mineral

resource interests, property and equipment and stock-based compensation. Actual results may differ from those estimates.

Changes in Accounting Principles

Adoption of New Accounting Standards

The Company did not adopt any new accounting standards in fiscal 2010.

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate the accounting standards to have an impact on the Company’s consolidated financial statements.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles (“Canadian GAAP”) to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which includes consultation with external consulting firms and is preparing for the conversion to IFRS with respect to its March 31, 2011 interim financial statements. As part of the conversion process, the Company has provided IFRS specific training to senior financial reporting personnel and directors.

The Company’s approach to the conversion to IFRS includes three phases.

Phase One: an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS was completed in 2009.

Phase Two: an in depth analysis of the impact of those areas identified under phase was conducted in 2010.

Phase Three: the implementation of the conversion process, through the preparation of the opening balance sheet as at January 1, 2011, will be completed in 2011.

At this point, the Company’s IT accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the review undertaken under Phase One and the work completed to date under Phase Two, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will likely require more extensive disclosure and analysis of balances and transactions in the notes to the consolidated financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Capital Assets	Capital assets are recorded at historical cost.	Capital assets can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.	Capital assets will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.
	Depreciation is based on their useful lives after due estimation of their residual values.	Depreciation must be based on the useful lives of each significant component within Capital assets.	Based on an analysis of Capital assets' significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, depreciation rates and expenses, will be required.
Resource Properties	Exploration, evaluation and development costs directly relating to mineral interests are deferred until the interest in which they relate is placed in production, sold or abandoned.	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained.
Asset Retirement Obligations	Canadian GAAP limits the definition of ARO's to legal obligations.	IFRS defines ARO's as legal or constructive obligations.	The broadening of this definition is unlikely to cause a significant change in current estimates.
	ARO is calculated using a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates.	The change in calculation of ARO and the discounting process will likely generate some changes in the value of ARO on transition.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Impairment of Long Lived Assets	Impairment tests of its long-term assets are considered annually based on indications of impairment.	Impairment tests of “cash generating units” are considered annually in the presence of indications of impairment.	Assets will continue to be grouped under the Company’s various mining operations. Currently, there are no indications of impairment and, therefore, no impairment test has been performed.
	Impairment tests are generally done on the basis of undiscounted future cash flows.	Impairment tests are generally carried out using the discounted future cash flow.	Impairment tests using discounted values could generate a greater likelihood of write downs in the future.
	Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.
Stock-Based Compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model).	The determination of the value of stock-based compensation for share appreciation rights and deferred share units, both cash-settled awards, will change and likely be more volatile under a Black-Scholes model until the awards are settled.
Income Taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.
	All deferred income tax assets are recognized to the extent that it is “more likely than not” that the deferred income tax assets will be realized recognized.	A deferred tax asset is recognized if it is “probable” that it will be realized.	“Probable” in this context is not defined and does not necessarily mean “more likely than not”. The Company is in the final stages of quantifying the impact of this difference.

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company’s analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company’s financial statements as at March 31, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. In addition, there is an extractive industries project currently underway that will lead to more definitive guidance on the accounting for exploration and evaluation expenditures, but this is still in the discussion paper stage and may not be completed for some time. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

Transactions with Related Parties

- (a) During fiscal 2010 and 2009, the Company:
- i) incurred \$46,350 (2009 - \$48,700) for office rent and accounting, management and administration services provided by an officer and a private corporation owned by a director of the Company;
 - ii) incurred \$96,000 (2009 - \$96,000) for management services provided by the President of the Company. Of this amount, \$nil (2009 - \$5,818) has been capitalized as geological costs in mineral resource interests and \$96,000 (2009 - \$90,182) expensed as management fees; and
 - iii) received \$17,250 (2009 - \$6,792) for rental of its condominium in Peru, and was reimbursed \$23,100 (2009 - \$23,450) for shared office personnel from public companies with certain directors in common.
- As at December 31, 2010, \$92,800 (2009 - \$62,100) remained outstanding and has been included in accounts payable and accrued liabilities.
- (b) Certain directors of the Company purchased 300,000 units of a 3,000,000 private placement at \$0.10 per unit and certain directors and their family members purchased 483,000 units of a 7,500,000 private placement at \$0.12 per unit.

Unless otherwise stated, related party transactions are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Mexico and Sweden and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Investor Relations Activities

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website (www.tumiresources.com) on a continuous basis. The Company has an arrangement with Mining Interactive to provide market awareness and investor relations activities at a current monthly fee of \$2,500. The arrangement may be terminated by either party on 15 days notice. During fiscal 2010, the Company paid Mining Interactive \$30,000 (2009 - \$31,500).

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at April 15, 2011, there were 44,405,039 outstanding common shares, 2,356,000 stock options outstanding with exercise prices ranging from \$0.10 to \$0.30 per share and 11,893,333 warrants outstanding with exercise prices ranging from \$0.15 to \$0.25 per share.