
TUMI RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2003

(Unaudited - Prepared by Management)

TUMI RESOURCES LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	June 30, 2003 \$	December 31, 2002 \$ <i>(Audited)</i>
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	84,234	385,678
Amounts receivable and prepaids	<u>104,191</u>	<u>15,445</u>
	188,425	401,123
MINERAL PROPERTY COSTS (Note 3)	<u>1,142,058</u>	<u>632,983</u>
	<u><u>1,330,483</u></u>	<u><u>1,034,106</u></u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>62,916</u>	<u>62,554</u>
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 4)	1,730,997	1,218,726
CONTRIBUTED SURPLUS	20,779	17,369
DEFICIT	<u>(484,209)</u>	<u>(264,543)</u>
	<u>1,267,567</u>	<u>971,552</u>
	<u><u>1,330,483</u></u>	<u><u>1,034,106</u></u>

APPROVED BY THE DIRECTORS

"David Henstridge" , Director

"Nick DeMare" , Director

The accompanying notes are an integral part of these interim consolidated financial statements.

TUMI RESOURCES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited - Prepared by Management)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$	\$	\$	\$
INCOME				
Interest income	<u>663</u>	<u>1,746</u>	<u>1,573</u>	<u>4,276</u>
EXPENSES				
Accounting and administration	19,442	12,000	42,551	11,650
Audit	11,472	337	11,472	612
Consulting	1,500	-	5,308	-
Fiscal advisory fee	-	-	18,025	-
Foreign exchange	4,605	2,911	4,605	2,911
Investor relations	6,000	-	12,000	-
Legal	3,644	1,550	7,534	3,938
Management fees	6,000	-	10,000	4,000
Office	8,059	4,169	17,323	5,773
Regulatory	3,730	8,875	8,618	11,968
Shareholder costs	3,262	375	6,162	1,312
Stock-based compensation	1,862	-	5,441	-
Transfer agent	3,146	1,830	5,099	2,884
Travel and related	27,935	1,758	67,101	1,758
	<u>100,657</u>	<u>33,805</u>	<u>221,239</u>	<u>46,806</u>
NET LOSS FOR THE PERIOD	(99,994)	(32,059)	(219,666)	(42,530)
DEFICIT - BEGINNING OF PERIOD	<u>(384,215)</u>	<u>(21,257)</u>	<u>(264,543)</u>	<u>(10,786)</u>
DEFICIT - END OF PERIOD	<u>(484,209)</u>	<u>(53,316)</u>	<u>(484,209)</u>	<u>(53,316)</u>
BASIC AND DILUTED LOSS				
PER COMMON SHARE	<u>(\$0.01)</u>	<u>(\$0.01)</u>	<u>(\$0.03)</u>	<u>(\$0.01)</u>
WEIGHTED AVERAGE NUMBER OF				
COMMON SHARES OUTSTANDING	<u>7,570,000</u>	<u>3,585,795</u>	<u>7,182,734</u>	<u>3,585,795</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

TUMI RESOURCES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited - Prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003 \$	2002 \$	2003 \$	2002 \$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the period	(99,994)	(32,059)	(219,666)	(42,530)
Adjustment for item not involving cash				
Stock-based compensation	1,862	-	5,441	-
	(98,132)	(32,059)	(214,225)	(42,530)
Decrease (increase) in amounts receivable and prepaids	(24,970)	8,712	(88,746)	6,956
Increase (decrease) in accounts payable and accrued liabilities	(20,432)	11,060	362	15,069
	<u>(143,534)</u>	<u>(12,287)</u>	<u>(302,609)</u>	<u>(20,505)</u>
INVESTING ACTIVITY				
Expenditures on mineral properties	<u>(244,810)</u>	<u>(112,603)</u>	<u>(509,075)</u>	<u>(112,603)</u>
FINANCING ACTIVITIES				
Issuance of common shares	-	108,000	516,540	108,000
Share issue costs	-	-	(6,300)	-
	<u>-</u>	<u>108,000</u>	<u>510,240</u>	<u>-</u>
DECREASE IN CASH AND CASH EQUIVALENTS - DURING THE PERIOD	(388,344)	(16,890)	(301,444)	(25,108)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	472,578	289,943	385,678	298,161
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>84,234</u>	<u>273,053</u>	<u>84,234</u>	<u>273,053</u>
CASH AND CASH EQUIVALENTS COMPRISED OF:				
Cash	84,234	116,995	84,234	116,995
Short-term deposit	-	156,058	-	156,058
	<u>84,234</u>	<u>273,053</u>	<u>84,234</u>	<u>273,053</u>
SUPPLEMENTARY CASH FLOW INFORMATION				
Non-cash financing activities				
Shares issued on exercise of options	-	-	2,031	-
Contributed surplus	-	-	(2,031)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the six months ended June 30, 2003, no interest or income taxes were paid in cash

The accompanying notes are an integral part of these interim consolidated financial statements.

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS

The Company is in the process of exploring mineral properties located in Mexico and Peru. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs 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 property costs represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

2. ACCOUNTING POLICIES

Basis of Presentation

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual financial statements.

3. MINERAL PROPERTY COSTS

	<u>June 30, 2003</u>			<u>December 31, 2002</u>		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Tinka	88,073	4,491	92,564	88,073	4,491	92,564
Cinco Minas	211,688	668,305	879,993	196,818	180,167	376,985
Gran Cabrera	169,501	-	169,501	163,434	-	163,434
	<u>469,262</u>	<u>672,796</u>	<u>1,142,058</u>	<u>448,325</u>	<u>184,658</u>	<u>632,983</u>

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Unaudited - Prepared by Management)

3. MINERAL PROPERTY COSTS (continued)

Exploration expenditures incurred during the six months ended June 30, 2003, are as follows:

	<u>Tinka Property</u>	<u>Cinco Minas Claims</u>	<u>Gran Cabrera Claims</u>	<u>Total</u>
	\$	\$	\$	\$
Balance, at December 31, 2002	4,491	180,167	-	184,658
Expenditures during the period				
Assays	-	43,352	-	43,352
Camp costs	-	23,036	-	23,036
Communication	-	12,295	-	12,295
Consulting	-	27,574	-	27,574
Drilling	-	194,581	-	194,581
Environmental	-	6,440	-	6,440
Geological	-	38,349	-	38,349
Site access	-	32,898	-	32,898
Supplies	-	8,821	-	8,821
Topography	-	23,851	-	23,851
Travel	-	27,735	-	27,735
Wages	-	49,206	-	49,206
	<u>-</u>	<u>488,138</u>	<u>-</u>	<u>488,138</u>
Balance, at June 30, 2003	<u>4,491</u>	<u>668,305</u>	<u>-</u>	<u>672,796</u>

a) Tinka, Peru

On May 31, 2002, the Company entered into a letter of intent whereby the Company could earn a 100% interest, subject to a 1% NSR interest, in two mineral claims in Ica, Peru, in consideration of the issuance of 750,000 common shares (250,000 shares issued) of the Company over two years, payment of US\$7,500 for past property taxes (paid) and payment of ongoing property holding costs, estimated at US\$3,000 per annum and completion of a drill program. The Company may purchase the 1% NSR at any time for US\$750,000.

On February 19, 2003, the Company entered into an agreement (the "Tinka HOA") with Tinka Resources Ltd. ("Tinka Resources"), a publicly-traded company, the President of which is a director of the Company, whereby the Company granted a 70% interest in the option on the Tinka property. Under the Tinka HOA, Tinka Resources agreed to assume the Company's share issuance obligations through the issuances, over a three year period, of a total of 500,000 common shares of Tinka Resources and conducting exploration expenditures and making all property holding costs totalling US\$2.5 million over a three year period.

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Unaudited - Prepared by Management)

3. MINERAL PROPERTY COSTS (continued)

b) Cinco Minas, Mexico

By agreements dated July 6, 2002 and August 18, 2002, the Company could earn a 60% interest in mineral claims covering approximately 600 hectares, located in Jalisco, Mexico, in consideration of US\$50,000 cash (paid), conducting exploration expenditures and making underlying property payments totalling US\$2.5 million and issuing 1.1 million common shares (100,000 shares issued) of the Company over a three year period.

c) Gran Cabrera, Mexico

On October 23, 2002, the Company entered into an agreement whereby the Company could earn a 60% interest in mineral claims covering approximately 3,950 hectares, located in Jalisco, Mexico, in consideration of making a US\$45,500 payment for past property taxes (paid), conducting exploration expenditures totalling US\$2.5 million and issuing 750,000 common shares (250,000 shares issued) of the Company over a three year period.

4. SHARE CAPITAL

Authorized: 100,000,000 common shares with no par value

Issued:	<u>June 30, 2003</u>		<u>December 31, 2002</u>	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of period	<u>6,824,000</u>	<u>1,218,726</u>	<u>3,459,000</u>	<u>315,583</u>
Issued during the period				
For private placement	528,000	475,200	2,450,000	663,000
For mineral properties	-	-	675,000	202,500
For exercise of options	218,000	43,371	230,000	35,643
For exercise of warrants	-	-	10,000	2,000
Less share issue costs	-	(6,300)	-	-
	<u>746,000</u>	<u>518,571</u>	<u>3,365,000</u>	<u>903,143</u>
Balance, end of period	<u><u>7,570,000</u></u>	<u><u>1,730,997</u></u>	<u><u>6,824,000</u></u>	<u><u>1,218,726</u></u>

- a) During the six months ended June 30, 2003, the Company completed a private placement of 528,000 units, for \$475,200. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company for a period of two years for the exercise price of \$1.00 on or before March 4, 2004 and \$1.15 on or before March 4, 2005. A finder's fee of \$6,300 was paid on a portion of the private placement. Certain directors of the Company have purchased 278,000 units of the private placement.

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Unaudited - Prepared by Management)

4. SHARE CAPITAL (continued)

- b) The following table summarizes information about the stock options outstanding and exercisable at June 30, 2003:

Exercise Price \$	Number Outstanding	Number Exercisable	Expiry Date
0.15	33,000	33,000	Jun. 21, 2005
0.23	171,000	171,000	Jul. 15, 2005
0.52	119,400	89,400	Dec. 05, 2005
0.55	140,000	140,000	Dec. 19, 2005
1.00	<u>240,000</u>	<u>240,000</u>	Jan. 14, 2006
	<u>703,400</u>	<u>673,400</u>	

- c) The following table summarizes information about the warrants outstanding and exercisable at June 30, 2003:

Exercise Price \$	Number Outstanding	Expiry Date
0.20	590,000	May 27, 2004
0.35 / 0.40	700,000	Oct. 15, 2003/2004
0.35 / 0.40	1,150,000	Dec. 13, 2003/2004
0.37	81,000	Dec. 13, 2004
1.00 / 1.15	<u>528,000</u>	Mar. 04, 2004/2005
	<u>3,049,000</u>	

- d) As at June 30, 2003, 1,010,400 common shares are held in escrow and are released in equal semi-annual instalments of 252,600 shares ending May 27, 2005.
- e) See also Note 7.

5. RELATED PARTY TRANSACTION

During the six months ended June 30, 2003, the Company paid a total of \$38,600 for accounting, administration and management services provided by the President of the Company and a private corporation owned by a director of the Company.

Other related party transactions are disclosed elsewhere in these interim consolidated financial statements.

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2003
(Unaudited - Prepared by Management)

6. SEGMENTED INFORMATION

(a) Segment assets:

	June 30, 2003			
	Corporate	Peruvian Mineral Operations	Mexican Mineral Operations	Total
	\$	\$	\$	\$
Current assets	103,037	658	84,730	188,425
Mineral property costs	-	92,564	1,049,494	1,142,058
	103,037	93,222	1,134,223	1,330,483

(b) Segment profits and loss:

	For the Six Months Ended June 30, 2003			
	Corporate	Peruvian Mineral Operations	Mexican Mineral Operations	Total
	\$	\$	\$	\$
Loss for the period	(192,695)	-	(26,971)	(219,666)

7. SUBSEQUENT EVENTS

Subsequent to June 30, 2003, the Company completed a private placement of 1,477,000 units at \$0.40 per unit, for gross proceeds of \$590,800. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of one year for the exercise price of \$0.45 on or before February 19, 2004 and at \$0.55 on or before August 19, 2004.

TUMI RESOURCES LIMITED
QUARTERLY REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2003

1.(a) GENERAL AND ADMINISTRATIVE

	\$
Accounting and administration	42,551
Audit	11,472
Consulting	5,308
Fiscal advisory fee	18,025
Foreign exchange	4,605
Investor relations	12,000
Legal	7,534
Management fees	10,000
Office	17,323
Regulatory	8,618
Shareholder costs	6,162
Stock-based compensation	5,441
Transfer agent	5,099
Travel and related	67,101
	<u>221,239</u>

1.(b) MINERAL PROPERTY COSTS

	<u>Tinka Property</u>	<u>Cinco Minas Claims</u>	<u>Gran Cabrera Claims</u>	<u>Total</u>
	\$	\$	\$	\$
Balance, at beginning of period	92,564	376,985	163,434	632,983
Expenditures during the period				
Assays	-	43,352	-	43,352
Camp costs	-	23,036	-	23,036
Communication	-	12,295	-	12,295
Consulting	-	27,574	-	27,574
Drilling	-	194,581	-	194,581
Environmental	-	6,440	-	6,440
Geological	-	38,349	-	38,349
Land payments and taxes	-	14,870	6,067	20,937
Site access	-	32,898	-	32,898
Supplies	-	8,821	-	8,821
Topography	-	23,851	-	23,851
Travel	-	27,735	-	27,735
Wages	-	49,206	-	49,206
	<u>-</u>	<u>503,008</u>	<u>6,067</u>	<u>509,075</u>
Balance, at end of period	<u>92,564</u>	<u>879,993</u>	<u>169,501</u>	<u>1,142,058</u>

TUMI RESOURCES LIMITED
QUARTERLY REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2003

2.(a) RELATED PARTY TRANSACTION

During the six months ended June 30, 2003, the Company:

- (i) paid a total of \$38,600 for accounting, administration and management services provided by the President of the Company and a private corporation owned by a director of the Company; and
- (ii) conducted a private placement of 528,000 units in which officers and directors of the Company purchased 278,000 units for \$250,200.

3.(a) SECURITIES ISSUED DURING THE SIX MONTHS ENDED JUNE 30, 2003

<u>Date of Issue</u>	<u>Type of Security</u>	<u>Type of Issue</u>	<u>Number</u>	<u>Price</u> \$	<u>Total Proceeds</u> \$	<u>Type of Consideration</u>	<u>Commission</u>
Jan. 2003	Common	Exercise of Options	110,000	0.15	16,500	Cash	N/A
Jan. 2003	Common	Exercise of Options	108,000	0.23	24,840	Cash	N/A
Mar. 2003	Common	Private Placement	528,000	0.90	475,200	Cash	Nil

3.(b) OPTIONS GRANTED DURING THE SIX MONTHS ENDED JUNE 30, 2003

<u>Date Granted</u>	<u>Number of Shares</u>	<u>Type of Option</u>	<u>Name</u>	<u>Exercise Price</u> \$	<u>Expiry Date</u>
Jan. 14, 2003	69,000	Director	D. Henstridge	1.00	Jan. 14, 2006
Jan. 14, 2003	65,000	Director	N. DeMare	1.00	Jan. 14, 2006
Jan. 14, 2003	35,000	Director	H. Lim	1.00	Jan. 14, 2006
Jan. 14, 2003	20,000	Employee	M. Bermudez	1.00	Jan. 14, 2006
Jan. 14, 2003	20,000	Employee	J. Abbinante	1.00	Jan. 14, 2006
Jan. 14, 2003	7,000	Employee	L. Liu	1.00	Jan. 14, 2006
Jan. 14, 2003	7,000	Employee	R. Wong	1.00	Jan. 14, 2006
Jan. 14, 2003	7,000	Employee	A. Smith	1.00	Jan. 14, 2006
Jan. 14, 2003	5,000	Employee	B. Moody	1.00	Jan. 14, 2006
Jan. 14, 2003	5,000	Employee	J. Rowsell	1.00	Jan. 14, 2006
	<u>240,000</u>				

4.(a) AUTHORIZED AND ISSUED SHARE CAPITAL AS AT JUNE 30, 2003

<u>Class</u>	<u>Par Value</u>	<u>Authorized Number</u>	<u>Issued</u>	
			<u>Number</u>	<u>Amount</u>
Common	WPV	100,000,000	7,570,000	\$1,730,997

TUMI RESOURCES LIMITED
QUARTERLY REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2003

4.(b) OPTIONS AND WARRANTS OUTSTANDING AS AT JUNE 30, 2003

<u>Security</u>	<u>Number</u>	<u>Exercise Price</u> <u>Per Share</u>	<u>Expiry Date</u>
Options	33,000	\$0.15	June 21, 2005
Options	171,000	\$0.23	July 15, 2005
Options	119,400	\$0.52	Dec. 05, 2005
Options	140,000	\$0.55	Dec. 19, 2005
Options	<u>240,000</u>	\$1.00	Jan. 14, 2006
	<u>703,400</u>		
Warrants	590,000	\$0.20	May 27, 2004
Warrants	700,000	\$0.35 / \$0.40	Oct. 15, 2003 / 2004
Warrants	1,150,000	\$0.35 / \$0.40	Dec. 13, 2003 / 2004
Warrants	81,000	\$0.37	Dec. 13, 2004
Warrants	<u>528,000</u>	\$1.00 / \$1.15	Mar. 04, 2004 / 2005
	<u>3,049,000</u>		

4.(c) SHARES IN ESCROW OR SUBJECT TO POOLING AS AT JUNE 30, 2003

As of June 30, 2003, 1,010,400 common shares are subject to escrow restrictions.

5.(a) LIST OF DIRECTORS AS AT JUNE 30, 2003

Directors:

David Henstridge

Nick DeMare

Harvey Lim

Officers:

David Henstridge, President, Chairman and Chief Executive Officer

Mariana Bermudez, Corporate Secretary

TUMI RESOURCES LIMITED
QUARTERLY REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2003

MANAGEMENT DISCUSSION AND ANALYSIS

Description of Business

Tumi Resources Limited (the "Company") is a junior mineral exploration company engaged in the acquisition and exploration of precious metals on mineral properties located in Mexico and Peru. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol "TM.V" The Company is also registered with the U.S. Securities and Exchange Commission (the "SEC") as a foreign private issuer, under the Securities Act of 1934.

Property Updates

a) *Cinco Minas, Mexico*

The objectives established by management at the outset of the Cinco Minas exploration program were achieved with the Phase 1 underground channel sampling and drill results confirming the open-pit potential of the Cinco Minas silver-gold vein system around the historic El Abra Mine. The Phase 1 program's objective was to drill test a number of potential sites containing ore grade mineralization along 5 km of the Cinco Minas epithermal vein and stockwork system. The program focused on determining early in the exploration program the open-pit potential at the historically prolific El Abra mine area, mined for high grade silver-gold ores by the founders of the Anaconda Mining Co. in the 1920's (1.08 million tonnes at 3.2 g/t gold and 476 g/t silver). Several completed drill holes were very encouraging. CMRC20 intercepted 18m grading 2.03 g/t Au and 316 g/t Ag including 4m grading 7.01 g/t Au and 1,099 g/t Ag and CMRC23 cut 14m grading 1.44 g/t Au and 221 g/t Ag.

On the basis of the recent drill hole results, El Abra may once again be economically mined but now as a low-cost open-pit operation. The immediate exploration target in the area of outcropping mineralization at El Abra is to identify about 2 million tonnes of ore allowing a scoping study to be undertaken on an open-pit mine project with a proposed initial mining rate of 1,000 tonnes/day. Additional tonnages of well oxidized gold and silver mineralization will be explored as an integral part of the Company's ongoing exploration and development program.

Management believes that the results of the Phase I program on the Cinco Minas Property justifies a follow-up Phase II program.. The Company has just completed a financing to raise gross proceeds of approximately \$590,800. The Phase II program will be comprised of the following:

1. **Metallurgical Test Work:** The Company will commission bulk testing of Cinco Minas ore for updated leach tests to add to the existing historical data and determine if the El Abra ore is amenable to heap leach or whether a vat leach process is the preferred method of metal extraction. Based on historical metallurgical tests done at the request of the property owners, it is probable that both low-cost heap leaching methods and milling with agitation leaching and recovery using well established zinc precipitation units (Merrill-Crowe process) will be used. Two representative bulk channel samples, from accessible areas of the old workings, will be collected and subjected to column leach studies and bottle roll tests.
2. **Further Drilling:** To date, the drilling around El Abra has outlined approximately 1 million tonnes of silver-gold mineralization to a depth of about 100m below surface. In order to commence a scoping study for a project at a mining rate of 1,000 tonnes per day, the resource size needs to be doubled. Therefore it is recommended :

TUMI RESOURCES LIMITED
QUARTERLY REPORT
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MANAGEMENT DISCUSSION AND ANALYSIS (continued)

- (a) Undertake a sampling program of the vein above road level at El Abra estimated to contain about 250,000 to 300,000 tonnes of rock with no stripping ratio. It will require construction of a road or ramp access above and behind the vein and holes drilled from the footwall towards the hangingwall of the vein. As old workings extend up into this mass of rock, it must be sampled. Channel sampling of the top of the outcrop is included as part of the program.
 - (b) Drill holes from 500W (the last westerly drill line at the historic El Abra mine) to San Pedro at 800W are also being programmed. Several holes on 300W are also required to delimit the vein to the SE of El Abra.
3. **Structural Interpretation:** As an understanding of the structural setting of mineralization outside of the 860m wide historic El Abra mine area may well lead to the discovery of previously unknown high grade silver-gold ore shoots, detailed geological and structural mapping will be undertaken in and around the large number of silver-gold showings and workings distributed SE along the 5km long Cinco Minas vein and stockwork system.
4. **Scoping Study:** Appoint an independent engineer to undertake a scoping study.

To date the Company has incurred sufficient expenditures to meet its first anniversary commitment. To earn its 60% interest in the Cinco Minas Property, the Company must fund project related expenditures totalling US \$2.5 million by July 6, 2005.

b) *Gran Cabrera, Mexico*

The Company is focusing its resources on the exploration of the Cinco Minas Property and, as a result, has not committed any funds to conduct exploration on the Gran Cabrera Properties. Management anticipated that it may conduct a US \$100,000 geological and sampling program towards the latter part of fiscal 2003. However, any decision will be dependent on the results at the Cinco Minas Property and adequate financial resources. The company is required to incur a minimum of US \$325,000 by October 23, 2005, of which US \$75,000 is required to be incurred by October 23, 2003. If the Company is unable to spend the first year commitment it will be required to renegotiate the Gran Cabrera HOA or risk losing the option.

c) *Tinka Property, Peru*

On February 19, 2003, the Company entered into a heads of agreement (the "Tinka HOA") with Tinka Resources Ltd. ("Tinka Resources"), a publicly-traded company, of which certain of its directors and officers are also directors of the Company, whereby the Company, has granted a 70% interest in the option on the Tinka property. Under the option, Tinka Resources has agreed to assume the Company's share issuance obligations through the issuances of a total of 500,000 common shares of Tinka Resources over three years. Tinka Resources must also fund a total of US\$2.5 million in exploration expenditures, including underlying option payments and government taxes, over a three year period.

Operations and Liquidity

During the six months ended June 30, 2003, the Company reported a loss of \$219,666, an increase of \$177,136 compared to a loss of \$42,530 in 2002. General and administrative expenses of \$221,239 was reported in 2003, an

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MANAGEMENT DISCUSSION AND ANALYSIS (continued)

increase of \$174,433 from \$46,806 in 2002. Accounting and administrative expenses increased by \$30,901, from \$11,650 in 2002 to \$42,551 in 2003 due to increased levels of operations and activity in 2003 in the head office and Mexico office. Audit and legal fees increased substantially due mainly to the preparation of the Form 20F registration form. Consulting fees, office expenses and travel expenses increased due to costs associated with increasing the Company's market awareness and corporate development. During 2003 the Company paid \$12,000 to an investor relations consultant and \$18,025 to Canaccord Capital Corp. for fiscal advisory services. In addition, the Company recorded a non-cash charge of \$5,441 attributed to the vesting of stock options previously granted to the consultant.

During 2003, the Company spent \$509,240 on concession payments and exploration expenditures to complete the Phase I sampling and drilling program on the Cinco Minas Project in Mexico.

During 2003, the Company raised \$510,240 cash from the issuance of common shares from a private placement and options exercised. As at June 30, 2003, the Company had a working capital of \$125,509. Subsequent to June 30, 2003, the Company completed a private placement of 1,477,000 units to raise gross proceeds of \$590,800. Although management have not finalized the budget for the Phase II exploration program to be conducted at the Cinco Minas Property, it expects to have sufficient funds to complete this phase.

Investor Relations

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its web site (www.tumiresources.com) on a continuous basis. Effective December 1, 2002, the Company retained Mr. Nick Nicolaas to provide market awareness and investor relations activities. Mr. Nicolaas is paid a monthly fee of \$2,000 and may be cancelled by either party on 15 days notice. During the six months ended June 30, 2003, the Company paid \$12,000 to Mr. Nicolaas.

Representatives of the Company attended investor conferences in Toronto in March and in Las Vegas and Chicago in April. The Company will be attending the Gold and Silver Shows this fall and in the spring of 2004.