
TUMI RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2004 AND 2003

(Unaudited - Prepared by Management)

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Tumi Resources Limited for the six months ended June 30, 2004, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

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

	June 30, 2004 \$	December 31, 2003 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,507,742	3,273,437
Amounts receivable and prepaids	<u>134,329</u>	<u>71,867</u>
	2,642,071	3,345,304
CAPITAL ASSETS (Note 3)	176,197	11,476
MINERAL INTERESTS (Note 4)	<u>2,459,156</u>	<u>1,564,937</u>
	<u><u>5,277,424</u></u>	<u><u>4,921,717</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>68,768</u>	<u>138,853</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	6,403,369	5,529,478
CONTRIBUTED SURPLUS	523,944	278,333
DEFICIT	<u>(1,718,657)</u>	<u>(1,024,947)</u>
	<u>5,208,656</u>	<u>4,782,864</u>
	<u><u>5,277,424</u></u>	<u><u>4,921,717</u></u>

APPROVED BY THE DIRECTORS

"Nick DeMare" , Director

"Harvey Lim" , Director

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

TUMI RESOURCES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004 \$	2003 \$	2004 \$	2003 \$
EXPENSES				
Accounting and administration	15,000	19,442	18,000	42,551
Audit	4,937	11,472	11,007	11,472
Consulting	13,685	1,500	35,974	5,308
Depreciation	1,424	-	2,810	-
Fiscal advisory fee	-	-	-	18,025
Investor relations	7,500	6,000	13,500	12,000
Legal	10,326	3,644	20,196	7,534
Management fees	7,500	6,000	15,000	10,000
Office	15,789	8,059	41,164	17,323
Regulatory	4,297	3,730	5,160	8,618
Rent	1,350	-	2,700	-
Salaries and benefits	11,537	-	20,290	-
Shareholder costs	17,387	3,262	24,622	6,162
Stock-based compensation	-	1,862	278,400	5,441
Transfer agent	4,353	3,146	8,582	5,099
Travel and related	29,948	27,935	110,910	67,101
	<u>145,033</u>	<u>96,052</u>	<u>608,315</u>	<u>216,634</u>
LOSS BEFORE OTHER ITEMS	<u>(145,033)</u>	<u>(96,052)</u>	<u>(608,315)</u>	<u>(216,634)</u>
OTHER ITEMS				
Interest income	13,168	663	24,960	1,573
Write-off of mineral interests	(92,564)	-	(92,564)	-
Foreign exchange	(17,791)	(4,605)	(17,791)	(4,605)
	<u>(97,187)</u>	<u>(3,942)</u>	<u>(85,395)</u>	<u>(3,032)</u>
NET LOSS FOR THE PERIOD	<u>(242,220)</u>	<u>(99,994)</u>	<u>(693,710)</u>	<u>(219,666)</u>
DEFICIT - BEGINNING OF PERIOD	<u>(1,476,437)</u>	<u>(384,215)</u>	<u>(1,024,947)</u>	<u>(264,543)</u>
DEFICIT - END OF PERIOD	<u><u>(1,718,657)</u></u>	<u><u>(484,209)</u></u>	<u><u>(1,718,657)</u></u>	<u><u>(484,209)</u></u>
BASIC AND DILUTED LOSS PER COMMON SHARE				
	<u><u>(\$0.02)</u></u>	<u><u>(\$0.01)</u></u>	<u><u>(\$0.04)</u></u>	<u><u>(\$0.03)</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	<u><u>16,031,370</u></u>	<u><u>7,570,000</u></u>	<u><u>15,688,653</u></u>	<u><u>7,182,734</u></u>

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

TUMI RESOURCES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the period	(242,220)	(99,994)	(693,710)	(219,666)
Adjustment for items not involving cash				
Stock-based compensation	-	1,862	278,400	5,441
Depreciation	1,424	-	2,810	-
Write-off of mineral interests	92,564	-	92,564	-
	(148,232)	(98,132)	(319,936)	(214,225)
Increase in amounts receivable and prepaids	(17,436)	(24,970)	(62,462)	(88,746)
Increase (decrease) in accounts payable and accrued liabilities	(8,022)	(20,432)	(70,085)	362
	(173,690)	(143,534)	(452,483)	(302,609)
INVESTING ACTIVITIES				
Expenditures on mineral interests	(365,362)	(244,810)	(986,783)	(509,075)
Purchases of capital assets	(8,851)	-	(167,531)	-
	(374,213)	(244,810)	(1,154,314)	(509,075)
FINANCING ACTIVITIES				
Issuance of common shares	283,450	-	841,102	516,540
Share issue costs	-	-	-	(6,300)
	283,450	-	841,102	510,240
DECREASE IN CASH AND CASH EQUIVALENTS - DURING THE PERIOD				
	(264,453)	(388,344)	(765,695)	(301,444)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD				
	2,772,195	472,578	3,273,437	385,678
CASH AND CASH EQUIVALENTS - END OF PERIOD				
	<u>2,507,742</u>	<u>84,234</u>	<u>2,507,742</u>	<u>84,234</u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Cash	1,007,742	84,234	1,007,742	84,234
Short-term deposit	1,500,000	-	1,500,000	-
	<u>2,507,742</u>	<u>84,234</u>	<u>2,507,742</u>	<u>84,234</u>

SUPPLEMENTARY CASH FLOW INFORMATION - See Note 8.

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

TUMI RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF MINERAL INTERESTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004

	Mexico			Peru	Total \$
	Cinco Minas \$	Gran Cabrera \$	Jimenez del Teul \$	Tinka \$	
BALANCE, BEGINNING OF PERIOD	<u>1,296,441</u>	<u>175,932</u>	<u>-</u>	<u>92,564</u>	<u>1,564,937</u>
EXPENDITURES DURING THE PERIOD					
Assays	22,184	957	1,438	-	24,579
Camp costs	23,649	-	-	-	23,649
Communications	11,215	-	-	-	11,215
Drilling	42,319	-	-	-	42,319
Environmental	17,341	1,072	1,300	-	19,713
Geological	219,283	19,644	7,500	-	246,427
Other	12,374	59	1,969	-	14,402
Scoping study	29,903	-	-	-	29,903
Site access	78,790	7,295	-	-	86,085
Supplies	6,537	-	-	-	6,537
Topography	1,452	-	-	-	1,452
Travel	30,196	2,555	1,270	-	34,021
Wages	67,660	-	-	-	67,660
Water study	5,884	-	-	-	5,884
	<u>568,787</u>	<u>31,582</u>	<u>13,477</u>	<u>-</u>	<u>613,846</u>
ACQUISITION COSTS DURING THE PERIOD	<u>251,794</u>	<u>-</u>	<u>121,143</u>	<u>-</u>	<u>372,937</u>
	2,117,022	207,514	134,620	92,564	2,551,720
WRITE-OFF OF MINERAL INTERESTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,564)</u>	<u>(92,564)</u>
BALANCE, END OF PERIOD	<u><u>2,117,022</u></u>	<u><u>207,514</u></u>	<u><u>134,620</u></u>	<u><u>-</u></u>	<u><u>2,459,156</u></u>

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, 2004
(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS

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. 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 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 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 for fiscal 2004. 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 it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

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. CAPITAL ASSETS

	June 30, 2004	December 31, 2003
	\$	\$
Building	128,310	-
Office	17,634	4,810
Vehicles	34,106	7,709
	<u>180,050</u>	<u>12,519</u>
Less accumulated depreciation	<u>(3,853)</u>	<u>(1,043)</u>
	<u><u>176,197</u></u>	<u><u>11,476</u></u>

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(Unaudited - Prepared by Management)

4. MINERAL INTERESTS

	June 30, 2004			December 31, 2003		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Cinco Minas	682,033	1,434,989	2,117,022	430,239	866,202	1,296,441
Gran Cabrera	169,132	38,382	207,514	169,132	6,800	175,932
Jimenez del Teul	121,143	13,477	134,620	-	-	-
Tinka	-	-	-	88,073	4,491	92,564
	<u>972,308</u>	<u>1,486,848</u>	<u>2,459,156</u>	<u>687,444</u>	<u>877,493</u>	<u>1,564,937</u>

a) Cinco Minas, Mexico

By agreements dated July 6, 2002 and August 18, 2002, the Company has an option to 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 (300,000 shares issued) of the Company over a three year period.

b) Gran Cabrera, Mexico

On October 23, 2002, the Company entered into an agreement whereby the Company has an option to 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.

c) Jimenez del Teul, Mexico

On June 3, 2004, the Company entered into an option agreement with Minera San Jorge S.A. de C.V. ("MSJ") to earn a 100% interest in mineral claims covering 1,795 hectares, located at the west-central side of Zacatecas state, Mexico. Under the terms of the agreement, the Company may earn a 100 % interest in the property, by assuming MSJ's obligations to the underlying property owners for a total of US \$1.75 million over three years (US \$1.026 million in the third year) and issuing a total of 1 million shares to MSJ, as follows:

<u>Number of Shares</u>	
200,000	on TSX Venture Exchange ("TSXV") approval
200,000	on first anniversary of TSXV approval
300,000	on second anniversary of TSXV approval
<u>300,000</u>	on third anniversary of TSXV approval
<u>1,000,000</u>	

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(Unaudited - Prepared by Management)

4. MINERAL INTERESTS (continued)

The agreement also provides for the issuance by the Company of additional shares if project financing is arranged for commercial production. The number of shares will be one million shares if the resource is in excess of two million ounces of gold equivalent and a further one million shares if the resource is in excess of three million ounces. The Company will pay a NSR royalty of 1% - 3% depending on the ore grade in the final bankable feasibility study.

TSXV approval was received on July 29, 2004.

d) Tinka, Peru

On May 31, 2002, the Company entered into an agreement whereby the Company had an option to 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 subsequently entered into an agreement (the "Tinka HOA") with Tinka Resources Ltd. ("Tinka Resources"), whereby the Company granted Tinka Resources an option to earn a 70% interest in the option on the property. Under the Tinka HOA, Tinka Resources had agreed to assume the Company's share issuance obligations to the vendor, through the issuances 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. Tinka Resources has notified the Company that it has determined to terminate the Tinka HOA. The Company has reviewed its exploration budgets for the ensuing year and has also determined to terminate the option and, accordingly, wrote-off \$92,564 of acquisition and exploration costs.

Certain officers and directors of the Company are also directors and officers of Tinka Resources, a public company which also trades on the TSXV.

5. SHARE CAPITAL

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

Issued:	<u>June 30, 2004</u>		<u>December 31, 2003</u>	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of period	<u>14,451,200</u>	<u>5,529,478</u>	<u>6,824,000</u>	<u>1,218,726</u>
Issued during the period				
For cash				
- private placements	-	-	5,442,500	3,816,000
- exercise of options	133,000	91,539	218,000	43,371
- exercise of warrants	1,708,420	782,352	1,613,000	543,620
For agent's and finder's fees	-	-	153,700	120,698
For mineral properties	-	-	200,000	136,000
	<u>1,841,420</u>	<u>873,891</u>	<u>7,627,200</u>	<u>4,659,689</u>
Less: share issue costs	-	-	-	(348,937)
	<u>1,841,420</u>	<u>873,891</u>	<u>7,627,200</u>	<u>4,310,752</u>
Balance, end of period	<u><u>16,292,620</u></u>	<u><u>6,403,369</u></u>	<u><u>14,451,200</u></u>	<u><u>5,529,478</u></u>

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

(a) Stock Options

During the six months ended June 30, 2004, the Company granted 405,000 stock options to employees, directors and consultants and recorded compensation expense of \$278,400.

The fair value of stock options granted to employees, directors and consultants is estimated on the dates of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the six months ended June 30, 2004:

Risk-free interest rate	1.18%
Estimated volatility	85% - 86 %
Expected life	1.5 years

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the period to the Company's employees, directors and consultants was \$0.69 per share.

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 reliable measure of the fair value of the Company's stock options.

A summary of the Company's outstanding stock options at June 30, 2004, and the changes for the six months ended June 30, 2004, is presented below:

	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	898,400	0.47
Granted	405,000	1.16
Exercised	(133,000)	0.44
Cancelled	<u>(200,000)</u>	0.52
Balance, end of period	<u><u>970,400</u></u>	

The following table summarizes information about the stock options outstanding and exercisable at June 30, 2004:

Exercise Price \$	Number of Options Outstanding and Exercisable	Expiry Date
0.23	171,000	July 15, 2005
0.52	59,400	December 05, 2005
0.55	130,000	December 19, 2005
0.57	205,000	January 14, 2006
1.16	355,000	January 19, 2007
1.14	<u>50,000</u>	January 30, 2007
	<u><u>970,400</u></u>	

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

(b) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at June 30, 2004, and the changes for the six months ended June 30, 2004, is as follows:

	Number
Balance, beginning of period	6,870,500
Exercised	<u>(1,708,420)</u>
Balance, end of period	<u><u>5,162,080</u></u>

The following table summarizes information about the warrants outstanding and exercisable at June 30, 2004:

Exercise Price \$	Number Outstanding and Exercisable	Expiry Date
0.40	280,000	October 15, 2004
0.40	220,000	December 13, 2004
0.55	395,330	August 19 2004
1.15	518,000	March 04, 2005
1.00 / 1.35	937,500	December 19, 2004 / June 19, 2005
1.00 / 1.35	<u>2,811,250</u>	December 23, 2004 / June 23, 2005
	<u><u>5,162,080</u></u>	

(c) As at June 30, 2004, 505,200 common shares are held in escrow and are released in equal semi-annual instalments of 252,600 shares ending May 27, 2005.

6. RELATED PARTY TRANSACTION

During the six months ended June 30, 2004, the Company incurred a total of \$60,500 for accounting, administration, consulting and management services and office rent provided by the President of the Company and by corporations controlled by a director of the Company. As at June 30, 2004, \$11,751 remained unpaid and has been included in accounts payable and accrued liabilities.

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(Unaudited - Prepared by Management)

7. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities in Mexico and Peru. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results during the six months ended June 30, 2004.

The Company's total assets as at June 30, 2004 are segmented geographically as follows:

	June 30, 2004			Total
	Corporate Canada	Mineral Operations Peru	Mineral Operations Mexico	
	\$	\$	\$	\$
Current assets	2,543,834	-	98,237	2,642,071
Capital assets	12,143	128,310	35,744	176,197
Mineral interests	-	-	2,459,156	2,459,156
	<u>2,555,977</u>	<u>128,310</u>	<u>2,593,137</u>	<u>5,277,424</u>

8. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash and financing activities were conducted by the Company as follows:

	June 30, 2004	June 30, 2003
	\$	\$
Financing activities		
Shares issued on exercise of stock options	9,917	-
Contributed surplus	(9,917)	-
	<u>-</u>	<u>-</u>

Other supplementary cash flow information:

	June 30, 2004	June 30, 2003
	\$	\$
Interest paid in cash	<u>-</u>	<u>-</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

TUMI RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2004

Background

This discussion and analysis of financial position and results of operation is prepared as at August 27, 2004 and should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended June 30, 2004 and 2003 and the audited consolidated financial statements for the years ended December 31, 2003 and 2002 of Tumi Resources Limited (the "Company") where necessary. Those financial statements have been prepared in accordance with Canadian generally accepted accounting policies ("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 engaged in the acquisition and exploration of precious metals on mineral properties located in Mexico and Peru 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 proved 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 Over-the-Counter Bulletin Board under the symbol "TUMIF". The Company is also registered with the U.S. Securities and Exchange Commission ("SEC") as a foreign private issuer under the Securities Act of 1934.

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

Jimenez del Teul Project

- (a) In June 2004, the Company entered into a heads of agreement (the "HOA") over the Jimenez del Teul silver-gold ("Jimenez") with Minera San Jorge S.A. de C.V. ("MSJ"). Jimenez, totaling 1,795 hectares, is located at the west-central side of Zacatecas state Mexico, near the Durango state border, approximately 130 kms due west of Fresnillo.

Under the terms of the HOA, the Company has the right to acquire a 100% interest in Jimenez by assuming MSJ's obligations to the underlying property owners for a total of US\$1.75 million over three years (US \$1.026 million in the third year) and issuing a total of 1 million shares to MSJ, (200,000 shares upon TSXV approval, 200,000 on the first anniversary of TSXV approval and 300,000 on the second and third anniversaries of TSXV approval). TSXV approval was obtained on July 29, 2004. The HOA also provides for bonus shares once project financing is arranged for commercial production. The bonus is 1 million shares if the resource is in excess of 2 million ounces of gold equivalent and a further 1 million shares if the resource is in excess of 3 million ounces of gold equivalent. The Company has also agreed to pay a NSR royalty of 1% with provision for escalation to 3% on resources in excess of 1 million ounces, depending on the ore grade in the final bankable feasibility study.

The core block of claims at Jimenez cover part of a NW-SE trending structural corridor that appears to be at least 10 kms in length. The corridor separates Cretaceous sedimentary rocks (including limestones) from younger Tertiary volcanic rocks. At Jimenez, alteration within the corridor has been mapped for over 1 km in length, and numerous pits and adits are recorded. The dominant northwest structure is intersected by NE trending structures that have developed mineralized shears, breccias and stockwork zones.

In the core area, the Santa Clara mine follows the northwest structure on a number of levels for about 100 metres. The Company's personnel, as part of the Company's due diligence procedures, sampled the main stope and recorded 0.2 g/t Au and 318 g/t Ag over a width of 15.3 metres on the northeast face. Another face, located 20 metres to the southwest, recorded 0.3 g/t Au and 463 g/t Ag over 5.2 metres in width. Historically Santa Clara silver and gold ores have been shipped to a mill 85 kms away at La Parrilla, Durango. About 150 metres to the northwest of the Santa Clara workings, chip sampling on surface recorded 0.1 g/t Au and 58 g/t Ag over 35.1 metres which shows that the structural zone at Jimenez is geochemically anomalous over a large area. There is no record of any prior drilling in the area.

The Company intends to immediately grid the main structural zone of interest centered on the Santa Clara Mine and to undertake a detailed mapping and sampling program followed by appropriate geophysical surveys prior to commencing an initial drill program.

- (b) The Company also negotiated the addition of 108,444 hectares (the "Jimenez Area") surrounding Jimenez. The Company has the right to acquire 100% of the mining rights of this additional area from MSJ, under the same terms and conditions of the HOA which includes the assumption of the underlying land tenure costs and option payments totaling US \$500,000 over a period of three years, with US \$34,000 payable on the first anniversary. This acquisition is subject to TSXV approval.

A number of small, historic and producing mines are located within the Jimenez Area. Outcrops located within the larger Jimenez concession show structurally controlled alteration similar to that found associated with veins extensively mined both at Fresnillo and in the historic Zacatecas silver mines. The single most outstanding feature in the area of mines within the core area at Jimenez is the presence of the same thin bedded Cretaceous limestone that is the host at the San Martin mine (170Moz Ag) and the Chalchihuites Mining District immediately to the north of Jimenez, including the La Colorada mining area.

The Jimenez core area covers part of a NW-SE trending structural corridor that appears to be at least 10 kilometres in length inside the claim block. This corridor separates Cretaceous sedimentary rocks (including limestones) from younger Tertiary volcanic rocks and targets in this area consist of both disseminated silver-gold mineralization in the volcanic rocks overlying the sedimentary rocks or high grade vein deposits. Alteration within the corridor has been mapped for over one kilometre in length, and numerous pits and adits were mapped and sampled. Within one of these workings, as part of due diligence procedures, the Company's personnel sampled a stope and recorded 318 g/t Ag and 0.2 g/t Au over a width of 15.3 metres.

Cinco Minas

The Cinco Minas Project was the focus of the Company's exploration activities during fiscal 2003. The primary objective at Cinco Minas was to conduct studies to confirm previously reported findings and a drill program to test the potential tonnage needed for an open-pit mine or underground silver-gold resource.

During 2003, the Company conducted underground channel sampling, a 22 hole drill program and metallurgical test work. These activities were completed during the quarter ended March 31, 2004. The results were favourable and, as a result, the Company engaged Behre Dolbear & Company ("Behre Dolbear") to undertake a scoping study on the El Abra resource area and provide a recommendation for future work to advance the project to a full feasibility study. Behre Dolbear concluded that further work was required at Cinco Minas, particularly increasing mineral resources and performing slope stability studies. The Behre Dolbear Scoping Study concluded the following main points:

1. A computerized resource calculation, using a rotated block model and a three pass ordinary kriging procedure for silver grade and using a cut-off of 30 g/t silver was undertaken by Behre Dolbear (conforming to Canadian N143-101 standards) as follows:

	Tonnes (1,000)	Ag (g/t)	Au (g/t)
Indicated	1,040	184	1.23
Inferred	<u>494</u>	<u>165</u>	<u>1.17</u>
Total	<u>1,534</u>	<u>178</u>	<u>1.21</u>

Behre Dolbear reported that additional drilling was required to fill in blanks in the current 50m section drill pattern.

2. Strip ratios are high for all surface mining cases (a 50 degree pit slope was used), and a geotechnical study is needed to determine if pit slopes can be steepened.
3. The present underground and open-pit resources, as estimated, are insufficient to justify mining, and the Company should focus on exploring for and developing more resources. Behre Dolbear recommends additional exploration in the El Abra to San Juan zone, Cantarannas zone to the northwest and El Abrita û Cerro Colorado zones to the southeast.
4. Additional metallurgical testing based on larger and more representative samples is needed to determine if heap leaching recoveries can be improved and to provide a reliable basis for further investigation into alternatives involving milling with gravity and cyanidation circuits.

The Company followed Behre Dolbear's recommendations and conducted a third phase drilling program at Cinco Minas. Eighteen holes, totaling 1,376.8 metres were completed by infilling the drill spacing between 310W and 750W on 50m section lines. This drill density is believed suitable to give a better estimation of mineral resources as well as providing additional data for ongoing mining studies.

The drill results are consistent with the previous drill results from the El Abra area and the Company intends to immediately update the resource calculation for this core area. The results are as follows:

HOLE NUMBER	SECTION	FROM (m)	TO (m)	METRES	ESTIMATED TRUE WIDTH (m)	GOLD (g/t)	SILVER (g/t)
CMRC-48	330W	22	50	28	25.4	0.78	93
Incl.		24	30	6	5.4	1.55	155
CMRC-49	500W	114	134	20	18.1	2.37	249
Incl.		114	120	6	5.4	4.14	509
Incl.		116	120	4	3.6	5.45	651
CMRC-50	550W	106	122	16	12.3	1.15	204
Incl.		106	114	8	6.1	1.5	326
CMRC-51	550W	64	78	14	10.7	1.05	437
Incl.		64	68	4	3.1	2.08	1362
CMRC-52	550W	16	34	18	13.8	1.82	185
Incl.		18	22	4	3.1	4.01	334
CMRC-53	600W	38	56	18	12.7	1.18	100
Incl.		42	46	4	2.8	3.89	238
CMRC-54*	650W	118*	134*	14	9.9	1.74	179
Incl.		122*	126*	6	4.2	2.53	332
CMRC-55	650W	54	68	14	9.9	0.69	128
Incl.	650W	54	64	10	7.1	0.77	149
CMRC-56	650W	14	34	20	14.1	0.28	64
CMRC-57	700W	18	48	30	21.2	0.75	85
Incl.		24	34	10	7.1	1.23	114

HOLE NUMBER	SECTION	FROM (m)	TO (m)	METRES	ESTIMATED TRUE WIDTH (m)	GOLD (g/t)	SILVER (g/t)
CMRC-58	750W	102	124	22	15.6	1.59	103
Incl.		106	120	14	9.9	2.36	131
CMRC-59	750W	28	46	18	14.7	1.17	179
Incl.		28	38	10	8.2	1.03	275
CMRC-60*	410W	28*	51.1*	19.1*	4.9	1.08	112
incl.		36	48	12	3.1	1.61	144
CMRC-61*	410W	18*	35.4*	15.4*	6.5	1.06	92
incl.		18	24	6	2.5	0.04	35
incl.		26	35.4	9.4	4.0	1.71	128
CMRC-62*	385W	28*	32*	4*	0.6	0.48	53
and		36	44	8	1.1	1.37	128
and		48	67	19	2.6	1.77	84
CMRC-63	385W	18	24.8	6.8	2.2	2.40	112
CMRC-64**	385W**	22	28	6	1.1	0.53	86
and	385W**	30	68	38	6.7	0.77	109
incl.		52	66	14	2.5	1.04	151
CMRC-65**	385W**	16**	22**	6**	1.6	0.98	63
and		30	34	4	1.0	6.10	66

* Workings intersected in drill holes.

** Drilled off-section, north to south

The Company also conducted four exploratory drill holes, totaling 232m, at the San Juan zone, located along the Cinco Minas vein, about 300m to the NW from the El Abra mine area. These results are also extremely encouraging as they have identified a new zone of mineralization justifying further work. The results are as follows:

HOLE NUMBER	SECTION	FROM (m)	TO (m)	METRES	ESTIMATED TRUE WIDTH (m)	GOLD (g/t)	SILVER (g/t)
CMRC-44	1150W	52	56	4	3.1	0.55	152
CMRC-45	1150W	46	54	8	7.7	0.28	51
CMRC-46	1100W	26	38	12	11.6	0.68	152
Incl.		34	38	4	3.9	1.32	316
CMRC-47	1050W	36	46	10	9.7	0.53	111
Incl.		36	40	4	3.9	0.66	214

The Company's consulting geologist, Mr. John Nebocat, P.Eng. is the qualified person for the Cinco Minas Project. Drill samples were prepared by G M LACME Laboratory, Guadalajara, Mexico and assayed at IPL Laboratory in Canada. Samples greater than 1g/t gold and silver values greater than 100 g/t were check-assayed; known standards (average of one in every ten samples submitted) were introduced for check analysis. All bulk samples of RC chips along with all sample rejects prepared by the laboratory in Mexico are stored for verification purposes.

Jamaica and San Jorge

The Company has acquired an additional 10,903 hectares of mining exploration concessions containing extensive zones of alteration and brecciation to the north and WNW of the Cinco Minas Project. These concessions have old silver/gold mine workings and surround Stroud Resources/New Bullet Group's Santo Domingo-La Española concession area. Both areas acquired are contiguous to the original core Cinco Minas Project area.

Gran Cabrera

During 2003 and the first quarter in 2004, work on Gran Cabrera was limited to recompilation of old data on the area and landsat imagery studies. An initial work program, estimated at US \$200,000, consists of geological mapping and verification or extension of earlier channel sampling of vein, stockwork and breccia hosted precious metal mineralization. The work program is in progress.

A bulldozer was mobilized to open 1,250 m of road access to the uppermost part of the Cabrera system of veins and stockworks to allow the site geologists better access for detail mapping and sampling. Ore grade mineralization is found on the dip slope of the system in old mine workings and mine levels from the 670 m level (Chorillo Blanco adit) to the 980 elevation (310 m of height) where outcrops disappear under talus and dense vegetative cover. This road access is programmed to help uncover and better expose sheeted zones containing quartz veins with silver and gold values. It is expected that the bulldozer will expose cuts into mineralized rock that may include ore bearing zones in one of three targets: (a) precious metal veins which have been historically developed with old mine workings; (b) stockwork zones that would not have been of sufficient grade to be of interest to early Spanish miners and later American mining companies that operated the Marquetas stamp mills on the Santiago River; (c) sheeted zones that may be feeders to brittle rhyolitic welded tuffs which may be permeable hosts for widespread silver-gold mineralization.

Initial reconnaissance of the western one-half of the Gran Cabrera Project area which includes the La Deseada, La Dura and Espada group of mines is also underway. Old stope walls and in situ gold silver mineralization justifies continuing the clearing of roads built to the area by the previous operator and extending those roads to access areas containing old producing mines. This work is planned after completion of the construction of access roads to the eastern one-half of the Gran Cabrera Project.

Tinka Prospect

The Company had an option to earn a 100% interest, subject to a 1% NSR interest, in two mineral claims (the "Tinka Prospect") in Ica, Peru. In February, 2003, the Company entered into an agreement with Tinka Resources Ltd. ("Tinka Resources"), whereby the Company granted Tinka Resources an option to earn a 70% interest in the option on the Tinka Prospect. Tinka Resources agreed to assume the Company's share issuance obligations to the vendor, and conduct exploration expenditures and make all property holding costs totalling US \$2.5 million, over a three year period.

The first phase exploration program was completed by Tinka Resources in December 2003. The HLEM survey successfully defined six distinct electromagnetic anomalies. In addition three reverse circulation drill holes, totalling 262 metres, were completed. All three holes intersected a sequence of highly silicified, pyretic volcanics and all three holes intersected anomalous copper values. In light of the recent mineral resource additions to Tinka Resources' mineral property portfolio it determined to withdraw from the option agreement. The Company has reviewed its mineral exploration budgets and priorities and has determined to focus its exploration activities in Mexico. As a result, the Company has decided to withdraw from its option agreement.

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,		
	2003 \$	2002 \$	2001 \$
Operations:			
Revenues	-	-	-
Income (loss)	(760,404)	(253,757)	(10,199)
Basic and diluted income (loss) per share	(0.09)	(0.09)	(0.01)
Dividends per share	-	-	-
Balance Sheet:			
Working capital	3,206,451	338,569	304,797
Total assets	4,921,717	1,034,106	307,899
Total long-term liabilities	-	-	-

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

	2004		2003				2002	
	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(242,220)	(451,490)	(369,319)	(17,419)	(99,994)	(119,672)	(186,310)	(24,917)
Basic and diluted loss per share	(0.02)	(0.03)	(0.04)	(0.02)	(0.01)	(0.02)	(0.07)	(0.01)
Dividends per share	-	-	-	-	-	-	-	-
Balance Sheet:								
Working capital	2,573,303	2,812,290	3,206,451	458,103	125,509	468,451	304,797	230,579
Total assets	5,277,424	5,244,216	4,921,717	1,889,549	1,330,483	1,449,047	307,897	598,521
Total long-term liabilities	-	-	-	-	-	-	-	-

Results of Operations

During the six months ended June 30, 2004, the Company reported a loss of \$693,710 (\$0.04 per share), an increase of \$474,044, compared to a loss of \$219,666 (\$0.03 per share) during the comparable period in 2003. A significant portion of the increase in loss in 2004 is attributed to the Company's prospective application of the fair value method of accounting for stock options granted to its employees and directors. During 2004, the Company recorded a non-cash compensation expense of \$278,400 relating to stock options granted to the Company's employees, directors and consultants. In 2003, the Company recorded an expense of \$5,441 for the vesting of stock options granted to its consultant. No stock options were granted in 2003 to its directors and employees.

Excluding the stock-based compensation, general and administrative expenses of \$329,915 were reported in 2004, an increase of \$118,722 from \$211,193 in 2003. In general, costs increased in 2004 due to the increase in corporate and exploration activities. In addition, during 2004 the Company incurred additional costs relating to office renovations and the hiring of one full-time employee. Accounting and administrative expenses incurred with Chase Management Ltd. ("Chase") decreased in 2004 by \$24,551, from \$42,551 in 2003 to \$18,000 in 2004. During 2003, Chase provided significant accounting and professional services in the preparation of and on-going dealings with the Company's Form 20-F registration statements. Legal fees also increased substantially in 2004 due to the increased requirements for ongoing corporate reporting. Consulting fees, office expenses, travel expenses and shareholder costs increased in 2004 due to costs associated with increasing the Company's market awareness and corporate development. Trips were made to Europe during 2004.

During 2004, the Company reported \$24,960 interest income compared to \$1,573 in 2003. The interest income was generated from a short-term deposit held with an established financial institution, and increased due to higher levels of funds held in 2004 compared to 2003.

During 2004, the Company spent \$986,783 cash on acquisition costs and exploration activities on its mineral interests. In total, the Company spent \$820,581 on Cinco Minas, \$31,582 on Gran Cabrera and \$134,477 on Jimenez del Teul. Details of the exploration activities conducted in 2004 are described in "Exploration Projects" in this MD&A. During 2003, the Company incurred a total of \$509,075 on Cinco Minas. During 2004, the Company decided to terminate the option agreement on the Tinka Prospect and wrote-off \$92,564 of costs.

During 2004, the Company received \$841,102 on the exercises of stock options and warrants. During 2003, a total of \$3,816,000 was raised through private placements and \$586,991 from the exercises of stock options and warrants.

Financial Condition / Capital Resources

As at June 30, 2004, the Company had working capital of \$2,573,303. The Company believes that it currently has sufficient financial resources to undertake by itself all of its anticipated exploration activities and ongoing level of corporate activities for the ensuing year. However, exploration activities may change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financings should the need arise.

Contractual Commitments

The Company has no contractual commitments other than its mineral option agreements. Details of the Company's option payment and expenditure commitments are disclosed in Note 4 to the June 30, 2004 interim consolidated financial statements.

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

A detailed summary of all the Company's significant accounting policies is included in Notes 2 and 3 to the annual consolidated financial statements for the year ended December 31, 2003.

Changes in Accounting Principles

The Company does not have any changes in accounting principles.

Transactions with Related Parties

During the six months ended June 30, 2004 the Company paid:

- i) \$30,000 to David Henstridge for his services as President of the Company;
- ii) \$18,000 for accounting and administrative services and \$2,700 for office rent to Chase, a private corporation owned by Nick DeMare, a director of the Company; and
- iii) \$12,500 for consulting services provided by DNG Capital Corp., a private corporation owned by Nick DeMare.

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 material mineral properties are located in Mexico 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. 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 \$2,500 and may be cancelled by either party on 15 days notice. During the six months ended June 30, 2004, the Company paid \$13,500 to Mr. Nicolaas.

Outstanding Share Data

The Company's authorized share capital is 100,000,000 common shares with no par value. As at June 30, 2004, there were 16,292,620 outstanding common shares compared to 14,451,200 shares outstanding at December 31, 2003. The increase reflects the success of the Company in raising new equity through the exercises of stock options and warrants. As at June 30, 2004, there were 970,400 stock options which were outstanding and exercisable, with exercise prices ranging from \$0.23 and \$1.16 per share. In addition, there were 5,162,080 warrants outstanding and which expire between August 19, 2004 and June 23, 2005 with exercise prices between \$0.40 and \$1.35 per share. More information on these instruments and the terms of their conversion are set out in Note 5 to the June 30, 2004 interim consolidated financial statements.