
TUMI RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 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 three months ended March 31, 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)

	March 31, 2004 \$	December 31, 2003 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,772,195	3,273,437
Amounts receivable and prepaids	<u>116,893</u>	<u>71,867</u>
	2,889,088	3,345,304
CAPITAL ASSETS (Note 3)	168,770	11,476
MINERAL PROPERTY COSTS (Note 4)	<u>2,186,358</u>	<u>1,564,937</u>
	<u><u>5,244,216</u></u>	<u><u>4,921,717</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>76,790</u>	<u>138,853</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	6,110,002	5,529,478
CONTRIBUTED SURPLUS	533,861	278,333
DEFICIT	<u>(1,476,437)</u>	<u>(1,024,947)</u>
	<u>5,167,426</u>	<u>4,782,864</u>
	<u><u>5,244,216</u></u>	<u><u>4,921,717</u></u>

APPROVED BY THE DIRECTORS

_____, Director

_____, 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 March 31,	
	2004 \$	2003 \$
EXPENSES		
Accounting and administration	3,000	15,600
Audit	6,070	-
Consulting	22,289	29,342
Depreciation	1,386	-
Investor relations	6,000	6,000
Legal	9,870	3,890
Management fees	7,500	4,000
Office	25,375	9,264
Regulatory	863	4,888
Rent	1,350	-
Salaries and benefits	8,753	-
Shareholder costs	7,235	2,900
Stock-based compensation	278,400	3,579
Transfer agent	4,229	1,953
Travel and related	80,962	39,166
	463,282	120,582
LOSS BEFORE OTHER ITEM	(463,282)	(120,582)
OTHER ITEM		
Interest income	11,792	910
NET LOSS FOR THE PERIOD	(451,490)	(119,672)
DEFICIT - BEGINNING OF PERIOD	(1,024,947)	(264,543)
DEFICIT - END OF PERIOD	(1,476,437)	(384,215)
 BASIC AND DILUTED LOSS PER COMMON SHARE	 (\$0.03)	 (\$0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	15,272,054	5,919,734

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 March 31,	
	2004	2003
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the period	(451,490)	(119,672)
Adjustment for items not involving cash		
Stock-based compensation	278,400	3,579
Depreciation	1,386	-
	(171,704)	(116,093)
Increase in amounts receivable and prepaids	(45,026)	(63,776)
Increase (decrease) in accounts payable and accrued liabilities	(62,063)	20,794
	(278,793)	(159,075)
INVESTING ACTIVITIES		
Expenditures on mineral property costs	(621,421)	(264,265)
Purchases of capital assets	(158,680)	-
	(780,101)	(264,265)
FINANCING ACTIVITIES		
Issuance of common shares	557,652	516,540
Share issue costs	-	(6,300)
	557,652	510,240
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - DURING THE PERIOD	(501,242)	86,900
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	3,273,437	385,678
CASH AND CASH EQUIVALENTS - END OF PERIOD	2,772,195	472,578
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	772,195	437,578
Short-term deposit	2,000,000	35,000
	2,772,195	472,578

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

TUMI RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004

	Cinco Minas \$	Gran Cabrera \$	Tinka \$	Other \$	Total \$
BALANCE, BEGINNING OF PERIOD	<u>866,202</u>	<u>6,800</u>	<u>4,491</u>	<u>-</u>	<u>877,493</u>
EXPENDITURES DURING THE PERIOD					
Assays	2,703	-	-	1,438	4,141
Assays preparation	584	-	-	-	584
Camp costs	8,948	-	-	-	8,948
Communications	6,011	-	-	-	6,011
Drilling	56,626	-	-	-	56,626
Environmental	10,635	382	-	1,300	12,317
Geological	81,920	3,779	-	7,500	93,199
Mine rights	2,435	-	-	-	2,435
Other	-	-	-	1,969	1,969
Scoping study	29,903	-	-	-	29,903
Site access	32,599	1,101	-	-	33,700
Supplies	1,774	-	-	-	1,774
Topography	1,458	-	-	-	1,458
Travel	9,760	2,555	-	1,270	13,585
Wages	29,790	-	-	-	29,790
Water study	5,884	-	-	-	5,884
	<u>281,030</u>	<u>7,817</u>	<u>-</u>	<u>13,477</u>	<u>302,324</u>
BALANCE, END OF PERIOD	<u><u>1,147,232</u></u>	<u><u>14,617</u></u>	<u><u>4,491</u></u>	<u><u>13,477</u></u>	<u><u>1,179,817</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 THREE MONTHS ENDED MARCH 31, 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. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "TM". 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.

The Company is in the process of exploring 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 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.

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

	March 31, 2004	December 31, 2003
	\$	\$
Building	128,310	
Office	17,633	4,810
Vehicles	25,256	7,709
	<u>171,199</u>	<u>12,519</u>
Less accumulated depreciation	<u>(2,429)</u>	<u>(1,043)</u>
	<u><u>168,770</u></u>	<u><u>11,476</u></u>

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004
(Unaudited - Prepared by Management)

4. MINERAL PROPERTY COSTS

	March 31, 2004			December 31, 2003		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Cinco Minas	683,016	1,147,232	1,830,248	430,239	866,202	1,296,441
Gran Cabrera	169,132	14,617	183,749	169,132	6,800	175,932
Tinka	88,073	4,491	92,564	88,073	4,491	92,564
Other	66,320	13,477	79,797	-	-	-
	<u>1,006,541</u>	<u>1,179,817</u>	<u>2,186,358</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) Tinka, Peru

On May 31, 2002, the Company entered into an agreement whereby the Company has 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 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"), whereby the Company granted Tinka an option to earn a 70% interest in the option on the Tinka property. Under the Tinka HOA, Tinka Resources has 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. As at March 31, 2004, Tinka Resources has represented that it has incurred approximately \$95,000 of expenditures.

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

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004
(Unaudited - Prepared by Management)

5. SHARE CAPITAL

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

Issued:	March 31, 2004		December 31, 2003	
	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	113,000	70,422	218,000	43,371
- exercise of warrants	1,194,670	510,102	1,613,000	543,620
For agent's and finder's fees	-	-	153,700	120,698
For mineral properties	-	-	200,000	136,000
	<u>1,307,670</u>	<u>580,524</u>	<u>7,627,200</u>	<u>4,659,689</u>
Less: share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(348,937)</u>
	<u>1,307,670</u>	<u>580,524</u>	<u>7,627,200</u>	<u>4,310,752</u>
Balance, end of period	<u><u>15,758,870</u></u>	<u><u>6,110,002</u></u>	<u><u>14,451,200</u></u>	<u><u>5,529,478</u></u>

(a) Stock Options

A summary of the Company's outstanding stock options at March 31, 2004, and the changes for the three months ended March 31, 2004, is presented below:

	Options Outstanding and Exercisable	Weighted Average Exercise Price \$
Balance, beginning of period	898,400	0.47
Granted	405,000	1.16
Exercised	(113,000)	0.42
Cancelled	<u>(200,000)</u>	0.52
Balance, end of period	<u><u>990,400</u></u>	

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2004:

Exercise Price \$	Number of Options Outstanding	Expiry Date
0.23	171,000	July 15, 2005
0.52	59,400	December 05, 2005
0.55	140,000	December 19, 2005
0.57	215,000	January 14, 2006
1.16	355,000	January 19, 2007
1.14	<u>50,000</u>	January 30, 2007
	<u><u>990,400</u></u>	

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004
(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

During the three months ended March 31, 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 year:

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.

(b) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at March 31, 2004, and the changes for the three months ended March 31, 2004, is as follows:

	Number
Balance, beginning of period	6,870,500
Exercised	<u>(1,194,670)</u>
Balance, end of period	<u><u>5,675,830</u></u>

The following table summarizes information about the warrants outstanding and exercisable at March 31, 2004:

Exercise Price \$	Number Outstanding	Expiry Date
0.20	285,000	May 27, 2004
0.40	280,000	October 15, 2004
0.40	240,000	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>3,020,000</u>	December 23, 2004 / June 23, 2005
	<u><u>5,675,830</u></u>	

TUMI RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004
(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

(c) As at March 31, 2004, 757,800 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 three months ended March 31, 2004, the Company incurred \$31,850 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 March 31, 2004, \$2,672 remained unpaid and has been included in accounts payable and accrued liabilities.

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 three months ended March 31, 2004.

The Company's total assets as at March 31, 2004 are segmented geographically as follows:

	<u>March 31, 2004</u>			
	<u>Corporate</u>	<u>Peruvian Mineral Operations</u>	<u>Mexican Mineral Operations</u>	<u>Total</u>
	\$	\$	\$	\$
Current assets	2,788,614	-	100,474	2,889,088
Capital assets	12,501	128,310	27,959	168,770
Mineral property costs	-	92,654	2,093,794	2,186,358
	<u>2,929,425</u>	<u>220,964</u>	<u>2,222,227</u>	<u>5,244,216</u>

TUMI RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2004

Background

This discussion and analysis of financial position and results of operation is prepared as at May 26, 2004 and should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 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. The Company is currently focusing its financial resources in conducting an exploration program for silver and gold on its Cinco Minas Property in Mexico. 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". 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

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 table or underground silver-gold resource.

During the year ended December 31, 2003, the Company spent \$686,035 for 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 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. A total of \$281,030 was incurred on exploration activities on the Cinco Minas Project during the March 31, 2004 quarter.

During the remainder of 2004, the Company will undertake further drilling and mining studies at Cinco Minas. The Company's budget for this exploration work is US \$500,000.

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. Costs of \$7,817 were incurred in the March 2004 quarter. An initial work program, estimated at US \$200,000, commenced in April 2004. The program will consist of geological mapping and verification or extension of earlier channel sampling of vein, stockwork and breccia hosted precious metal mineralization.

Tinka

The Company has an agreement whereby the Company has an option to earn a 100% interest, subject to a 1% NSR interest, in two mineral claims in Ica, Peru. In February, 2003, the Company entered into an agreement with Tinka Resources Ltd. ("Tinka Resources"), whereby the Company granted Tinka an option to earn a 70% interest in the option on the Tinka property. Tinka Resources has 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. Tinka Resources has incurred approximately \$95,000 of expenditures, in which it conducted a first phase work program in November and December 2003. The program comprised of a ground horizontal loop electromagnetic survey ("HLEM") over the core area of the property, together with an initial follow up drill program.

Tinka Resources reported that the HLEM survey successfully defined six distinct electromagnetic anomalies up to 1 km in length, four of which generally trend NE-SW and parallel to each other. A total of 19.5 line-km of HLEM was completed by VDG del Peru S.A.C., along thirteen parallel N-S grid lines that had been located by use of a high resolution GPS. The intent of the survey was to seek the presence of conductive sulphides within the previously outlined large induced polarization anomaly.

Tinka Resources also completed three reverse circulation drill holes in the area totalling 262 meters. One hole targeted known surface copper mineralization and two holes targeted HLEM anomalies. All three holes intersected a sequence of highly silicified, pyritic volcanics and all three holes intersected anomalous copper values.

Tinka Resources has not provided the Company of its next phase exploration on the Tinka Prospect.

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			
	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	
	\$	\$	\$	\$	\$	\$	\$	\$	
Operations:									
Revenues	-	-	-	-	-	-	-	-	
Net income (loss)	(451,490)	(369,319)	(17,419)	(99,994)	(119,672)	(186,310)	(24,917)	(32,059)	
Basic and diluted loss per share	(0.03)	(0.04)	(0.02)	(0.01)	(0.02)	(0.07)	(0.01)	(0.01)	
Dividends per share	-	-	-	-	-	-	-	-	
Balance Sheet:									
Working capital	2,812,290	3,206,451	458,103	125,509	468,451	304,797	230,579	257,714	
Total assets	5,244,216	4,921,717	1,889,549	1,330,483	1,449,047	307,897	598,521	403,436	
Total long-term liabilities	-	-	-	-	-	-	-	-	

Results of Operations

During the quarter ended March 31, 2004, the Company reported a loss of \$451,490 (\$0.03 per share), an increase of \$331,818, compared to a loss of \$119,672 (\$0.02 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 \$3,579 for the vesting of stock options granted to its consultants. No stock options were granted in 2003 to its directors and employees.

Excluding the stock-based compensation, general and administrative expenses of \$184,882 were reported in 2004, an increase of \$67,879 from \$117,003 in 2002. In general, costs increased in 2004 due to the increase in corporate activities and Company funding. 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 \$12,600, from \$15,600 in 2003 to \$3,000 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. Audit and 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 \$11,792 interest income compared to \$910 in 2003. The interest income was generated from short-term funds held and increased from higher levels of funds held in 2004 compared to 2003.

During 2004, the Company spent \$621,421 cash on acquisition costs and exploration activities on its mineral property interests. In total, the Company incurred \$533,807 on Cinco Minas, \$7,817 on Gran Cabrera and \$79,797 on other properties. During 2003, the Company incurred a total of \$264,265, of which \$258,198 related to Cinco Minas and \$6,067 on Gran Cabrera.

During 2004, the Company received \$580,524 on the exercises of stock options and warrants. During 2004, a total of \$518,571 was raised through a \$468,900 private placement and \$43,371 from the exercises of stock options.

Financial Condition / Capital Resources

As at March 31, 2004, the Company had working capital of \$2,812,298. 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 is currently focusing on its Cinco Minas Property in Mexico. It intends to maintain its option requirements on its Cinco Minas and Gran Cabrera properties. The Company's option payments and expenditure requirements on the Tinka Prospect has been assumed by another party who is earning its interest in the project. Details of the Company's option payment and expenditure commitments are disclosed in Note 4 to the March 31, 2004 interim consolidated financial statements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than the obligations related to the Company's mineral option agreements disclosed above.

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

Effective January 1, 2003, the Company prospectively adopted the fair value method of accounting for stock options granted to employees and directors, as recommended by Section 3870 *Stock-Based Compensation and Other Stock Based Payments* of the Canadian Institute of Chartered Accountants' Handbook ("CICA 3870"). CICA 3870 provides alternative methods of transition for the adoption of the fair value method and, as permitted, the Company has elected prospective application, which allows the fair value method to be applied to stock options granted, modified or settled on or after January 1, 2003 to employees and directors. The impact of the Company's application of Section 3870 is disclosed in Note 6(a) to the March 31, 2004 interim consolidated financial statements.

Transactions With Related Parties

During the three months ended March 31, 2004 the Company paid:

- i) \$15,000 to David Henstridge for his services as President of the Company;
- ii) \$3,000 for accounting and administrative services and \$1,350 for office rent to Chase, a private corporation owned by Nick DeMare; and
- iii) \$12,000 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 \$2,000 and may be cancelled by either party on 15 days notice. During the three months ended March 31, 2004, the Company paid \$6,000 to Mr. Nicolaas.

Outstanding Share Data

The Company's authorized share capital is 100,000,000 common shares with no par value. As at March 31, 2004 and 2003, there were 15,758,870 outstanding common shares compared to 7,570,000 shares outstanding at March 31, 2003. The increase reflects the success of the Company in raising new equity through private placement financings and the exercises of stock options and warrants. The Company also issued shares for agent's and finders fees and for mineral property acquisitions. As at March 31, 2004, there were 990,400 stock options which were outstanding and exercisable, with exercise prices ranging from \$0.42 and \$1.16 per share. In addition, there were 5,675,830 warrants outstanding and which expire between May 27, 2004 and June 23, 2005 with exercise prices between \$0.20 and \$1.35 per share. More information on these instruments and the terms of their conversion are set out in Note 6 to the March 31, 2004 interim consolidated financial statements.