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TUMI RESOURCES LIMITED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005

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## AUDITORS' REPORT

To the Shareholders of  
Tumi Resources Limited

We have audited the consolidated balance sheets of Tumi Resources Limited as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

On April 16, 2007 we reported separately to the shareholders of Tumi Resources Limited on consolidated financial statements as at December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005 and 2004 audited in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) which include a reconciliation to United States generally accepted accounting principles.

Vancouver, B.C.  
April 16, 2007

**"D&H Group LLP"**  
**Chartered Accountants**

**TUMI RESOURCES LIMITED**  
**CONSOLIDATED BALANCE SHEETS**  
**AS AT DECEMBER 31**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,898,961	996,234
Amounts receivable	82,994	100,837
Prepays	<u>25,715</u>	<u>3,948</u>
	3,007,670	1,101,019
<b>PROPERTY AND EQUIPMENT</b> (Note 3)	236,140	161,037
<b>MINERAL RESOURCE INTERESTS</b> (Note 4)	2,368,283	889,870
<b>OTHER</b>	<u>6,742</u>	<u>-</u>
	<u><u>5,618,835</u></u>	<u><u>2,151,926</u></u>

**L I A B I L I T I E S**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>119,368</u>	<u>46,769</u>

**S H A R E H O L D E R S '   E Q U I T Y**

<b>SHARE CAPITAL</b> (Note 5)	11,798,414	8,114,653
<b>CONTRIBUTED SURPLUS</b> (Note 7)	1,385,723	800,068
<b>DEFICIT</b>	<u>(7,684,670)</u>	<u>(6,809,564)</u>
	<u>5,499,467</u>	<u>2,105,157</u>
	<u><u>5,618,835</u></u>	<u><u>2,151,926</u></u>

**NATURE OF OPERATIONS** (Note 1)

**SUBSEQUENT EVENTS** (Note 13)

APPROVED BY THE DIRECTORS

"David Henstridge" , Director

"Nick DeMare" , Director

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

**TUMI RESOURCES LIMITED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31**

	2006 \$	2005 \$
<b>EXPENSES</b>		
Accounting and administration	25,800	22,095
Amortization	10,060	10,022
Audit	3,537	34,576
Consulting	50,928	35,174
Corporate development	5,654	6,792
General exploration	88,173	61,047
Investment conferences	15,640	8,563
Investor relations	36,000	35,750
Legal	10,130	8,324
Management fees	47,228	53,247
Office	21,673	23,406
Regulatory	8,787	8,005
Rent	5,400	5,400
Salaries and benefits	15,461	29,862
Shareholder costs	11,104	7,555
Stock-based compensation (Note 6)	408,316	141,084
Transfer agent	8,015	6,167
Travel and related	45,752	66,062
	<u>817,658</u>	<u>563,131</u>
<b>LOSS BEFORE OTHER ITEMS</b>	<u>(817,658)</u>	<u>(563,131)</u>
<b>OTHER ITEMS</b>		
Interest and other income	107,465	39,837
Foreign exchange	(26,078)	2,311
Write-off of mineral resource interests	(132,236)	(2,926,030)
Write-off and loss on disposal of equipment	(6,599)	(4,863)
Provision on amounts receivable	-	(17,692)
	<u>(57,448)</u>	<u>(2,906,437)</u>
<b>NET LOSS FOR THE YEAR</b>	(875,106)	(3,469,568)
<b>DEFICIT - BEGINNING OF YEAR</b>	<u>(6,809,564)</u>	<u>(3,339,996)</u>
<b>DEFICIT - END OF YEAR</b>	<u><u>(7,684,670)</u></u>	<u><u>(6,809,564)</u></u>
<b>LOSS PER COMMON SHARE - BASIC AND DILUTED</b>	<u><u>\$(0.04)</u></u>	<u><u>(\$0.19)</u></u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>	<u><u>22,947,526</u></u>	<u><u>18,457,301</u></u>

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

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

	2006 \$	2005 \$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(875,106)	(3,469,568)
Adjustments for items not involving cash		
Stock-based compensation	408,316	141,084
Amortization	10,060	10,022
Provision on amounts receivable	-	17,692
Write-off of mineral resource interests	132,236	2,926,030
Write-off and loss on disposal of equipment	<u>6,599</u>	<u>4,863</u>
	(317,895)	(369,877)
Decrease (increase) in amounts receivable	17,843	(26,853)
Decrease (increase) in prepaids	(21,767)	5,467
Increase (decrease) in accounts payable and accrued liabilities	<u>(11,736)</u>	<u>(13,661)</u>
	<u>(333,555)</u>	<u>(404,924)</u>
<b>INVESTING ACTIVITIES</b>		
Expenditures on mineral resource interests	(1,504,293)	(851,469)
Purchases of property and equipment	(108,149)	(5,004)
Proceeds on disposal of equipment	3,104	-
Other assets	<u>(6,742)</u>	<u>-</u>
	<u>(1,616,080)</u>	<u>(856,473)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	4,127,960	39,330
Share issue costs	<u>(275,598)</u>	<u>-</u>
	<u>3,852,362</u>	<u>39,330</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - DURING THE YEAR</b>	1,902,727	(1,222,067)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>996,234</u>	<u>2,218,301</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>2,898,961</u></u>	<u><u>996,234</u></u>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash	115,090	346,234
Term deposit	<u>2,783,871</u>	<u>650,000</u>
	<u><u>2,898,961</u></u>	<u><u>996,234</u></u>

**SUPPLEMENTARY CASH FLOW INFORMATION - Note 11**

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

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**1. NATURE OF OPERATIONS**

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, TMXI Resources S.A. de C.V., Kay Metals Ltd. and TM Sweden A.B. Intercompany balances and transactions are eliminated on consolidation.

*Use of Estimates*

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results may differ from those estimates.

*Cash Equivalents*

Cash includes cash and a short-term deposit maturing within 90 days of the original date of acquisition.

*Unproven Mineral Interests*

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

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

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

***Property and Equipment***

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

***Asset Retirement Obligations***

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As at December 31, 2006, the Company does not have any asset retirement obligations.

***Impairment of Long-Lived Assets***

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

***Translation of Foreign Currencies***

Monetary assets and liabilities are translated into Canadian dollars at the balance sheet date rate of exchange and non-monetary assets and liabilities at historical rates. Revenues and expenses are translated at appropriate transaction date rates except for amortization, depreciation and depletion, which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

***Stock-Based Compensation***

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

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Income Taxes*

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

*Earnings (Loss) Per Share*

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

**3. PROPERTY AND EQUIPMENT**

	2006 \$	2005 \$
Condominium	132,840	132,840
Office furniture and equipment	33,077	21,899
Vehicles	<u>121,680</u>	<u>34,412</u>
	287,597	189,151
Less accumulated amortization	<u>(51,457)</u>	<u>(28,114)</u>
	<u><u>236,140</u></u>	<u><u>161,037</u></u>

**4. MINERAL RESOURCE INTERESTS**

	2006			2005		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Mexico						
La Trini (a)	362,060	724,658	1,086,718	128,162	600,094	728,256
Sonora (b)	67,412	520,747	588,159	-	-	-
San Jorge (c)	-	-	-	124,755	-	124,755
Sweden						
Bergslagen (d)	<u>224,447</u>	<u>468,959</u>	<u>693,406</u>	<u>36,859</u>	<u>-</u>	<u>36,859</u>
	<u><u>653,919</u></u>	<u><u>1,714,364</u></u>	<u><u>2,368,283</u></u>	<u><u>289,776</u></u>	<u><u>600,094</u></u>	<u><u>889,870</u></u>

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**4. MINERAL RESOURCE INTERESTS (continued)**

(a) La Trini, Mexico

By agreement dated January 19, 2005, the Company acquired the rights to acquire a 100% interest in the La Trini and Mololoa mineral claims ("La Trini Project"). The La Trini Project covers 356 hectares and is located in the Jalisco silver belt approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico. In order to acquire its 100% interest, the Company was required to make option payments totalling US \$500,000. As at December 31, 2006, the Company had paid a total of US \$300,000 and a final option payment of US \$200,000 was due on March 23, 2007.

The Company also agreed to pay a finder's fee of 3.75% on option payments made, payable in common shares of the Company. During fiscal 2006, the Company issued 17,832 common shares, (2005 - 9,310 shares) at a fair value of \$8,738 (2005 - \$4,562).

During March 2007, the Company completed the acquisition of a 100% interest in the La Trini Project by making the final option payment of US \$200,000. The Company also issued 13,819 common shares, at a fair value of \$8,705, in payment of the finder's fee.

The vendor has retained a 1% net smelter return royalty ("NSR") and the Company has the right to reduce the NSR to 0.5% through a cash payment of US \$1,000,000.

(b) Sonora, Mexico

During fiscal 2006, the Company has assembled, through staking, a portfolio of 11 mineral claims covering 114,014 hectares, located in Sonora State, Mexico. In addition, on November 27, 2006, the Company signed an option agreement to acquire a 100% interest in the San Carlos claim in Sonora State, Mexico. The San Carlos claim total approximately 22 hectares. In order to acquire its 100% interest, the Company must make option payments totaling US \$175,000 as follows:

Option Payment US \$	Due Date
5,000	Upon signing the agreement (paid)
7,500	May 27, 2007
25,000	November 27, 2007
37,500	November 27, 2008
50,000	November 27, 2009
<u>50,000</u>	November 27, 2010
<u><u>175,000</u></u>	

(c) San Jorge, Mexico

By agreement dated August 16, 2004, the Company purchased two mineral concessions, covering approximately 3,919 hectares, located in Zacatecas State, Mexico. Under the purchase agreement the Company paid \$58,755 and issued 60,000 common shares, at a fair value of \$66,000. During fiscal 2006, the Company wrote-off \$124,755 of acquisition costs on the San Jorge concessions to reflect the Company's abandonment and relinquishment of these concessions.

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**4. MINERAL RESOURCE INTERESTS (continued)**

(d) Bergslagen District, Sweden

The Company has acquired, through staking, mineral concessions in Sweden. As at December 31, 2006, the Company has staked 15 exploration projects covering approximately 15,253 hectares, located in the Bergslagen District in south-central Sweden. During fiscal 2006, the Company wrote-off \$7,481 of staking costs on an exploration project in Sweden to reflect the Company's abandonment.

**5. SHARE CAPITAL**

Authorized: unlimited common shares with no par value

Issued or allotted:	2006		2005	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of year	18,551,370	8,114,653	18,371,060	8,070,761
Issued during the year				
For cash				
- private placement	6,658,000	4,127,960	-	-
- exercise of options	-	-	171,000	39,330
For agent and finder's fees	120,395	57,006	-	-
For mineral properties	17,832	8,738	9,310	4,562
	6,796,227	4,193,704	180,310	43,892
Less share issue costs	-	(509,943)	-	-
	6,796,227	3,683,761	180,310	43,892
Balance, end of year	25,347,597	11,798,414	18,551,370	8,114,653

(a) During fiscal 2006, the Company completed a private placement of 6,658,000 units, at \$0.62 per unit, for gross proceeds of \$4,127,960. Each unit comprised one common share of the Company and one-half of a share purchase warrant. Each full warrant is exercisable to purchase an additional common share at a price of \$0.80 per share for a period of two years. In addition the Company may force conversion of the warrants if the common shares trade on a weighted average price of \$1.25 per share for a period of twenty consecutive trading days.

Bolder Investment Partners, Ltd. ("Bolder") sold 3,500,000 units of the private placement. Bolder was paid a work fee of \$5,000 and a cash commission of \$120,283, issued 85,995 agent units and granted agent warrants to purchase a further 350,000 common shares of the Company. The Company has also paid a total of \$98,530 cash, issued 28,400 common shares and 6,000 finders units and granted finders warrants to purchase a further 80,000 shares of the Company to its finders on the non-brokered portion of the private placement. The agent and finder units and warrants have the same terms and conversion provisions as the private placement units and warrants.

The fair value of the agent and finders warrants and the warrants associated with the agent and finders units has been estimated using the Black-Scholes option pricing model. The assumptions used were: divided yield - 0%; expected volatility 92%; a risk-free interest rate of 4.00% - 4.14%; and an expected life of two years. The value assigned was \$177,339.

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**5. SHARE CAPITAL (continued)**

The Company also incurred \$51,785 of costs associated with the private placement. A director of the Company purchased 100,000 units of the private placement.

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2006 and 2005 and the changes for the years ending on those dates is as follows:

	<u>2006</u>		<u>2005</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	-	-	3,918,640	1.33
Issued	3,804,998	0.80	-	-
Expired	-	-	<u>(3,918,640)</u>	1.33
Balance, end of year	<u>3,804,998</u>	0.80	<u>-</u>	-

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2006:

Number	Exercise Price \$	Expiry Date
2,142,998	0.80	April 28, 2008
<u>1,662,000</u>	0.80	May 17, 2008
<u>3,804,998</u>		

**6. STOCK OPTIONS AND STOCK-BASED COMPENSATION**

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange.

During fiscal 2006, the Company granted 1,108,400 stock options (2005 - 1,151,600) to the Company's employees, directors and consultants and recorded compensation expense of \$393,916 (2005 - \$128,684). The Company also recorded an additional \$14,400 (2005 - \$20,400) compensation expense for options which had vested during fiscal 2006.

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 fiscal 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Risk-free interest rate	3.79% - 4.16%	2.55% - 2.97%
Estimated volatility	88% - 96%	76% - 79%
Expected life	3 years	0.25 years - 1.5 years
Expected dividend yield	0%	0%

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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

The fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the year to the Company's employees, directors and consultants was \$0.36 (2005 - \$0.12) 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 a reliable measure of the fair value of the Company's stock options.

A summary of the Company's outstanding stock options at December 31, 2006 and 2005 and the changes for the years ending on those dates is as follows:

	<u>2006</u>		<u>2005</u>	
	Options Outstanding	Weighted Average Exercise Price \$	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	1,351,600	0.49	1,273,400	0.81
Granted	1,108,400	0.56	1,151,600	0.47
Exercised	-	-	(171,000)	0.23
Cancelled / expired	<u>(200,000)</u>	0.57	<u>(902,400)</u>	0.97
Balance, end of year	<u><u>2,260,000</u></u>	0.51	<u><u>1,351,600</u></u>	0.49

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2006:

Number Exercisable	Exercise Price \$	Expiry Date
980,600	0.50	April 8, 2008
171,000	0.30	July 20, 2008
548,000	0.50	January 16, 2009
120,000	0.61	April 28, 2009
365,400	0.62	May 19, 2009
<u>75,000</u>	0.62	September 20, 2009
<u><u>2,260,000</u></u>		

See also Note 13(a).

**7. CONTRIBUTED SURPLUS**

Contributed surplus for fiscal 2006 and 2005 is comprised of the following:

	<u>2006</u> \$	<u>2005</u> \$
Balance, beginning of year	800,068	658,984
Stock-based compensation on options (Note 6)	408,316	141,084
Stock-based compensation on agent and finders warrants (Note 5(a))	<u>177,339</u>	<u>-</u>
Balance, end of year	<u><u>1,385,723</u></u>	<u><u>800,068</u></u>

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**8. INCOME TAXES**

Future income tax assets and liabilities of the Company as at December 31, 2006 and 2005 are as follows:

	2006 \$	2005 \$
Future income tax assets (liabilities)		
Losses carried forward	1,406,000	1,256,000
Share issue costs	139,000	49,000
Mineral resource interests	<u>(808,000)</u>	<u>570,000</u>
	737,000	1,875,000
Valuation allowance	<u>(737,000)</u>	<u>(1,875,000)</u>
Net future income tax asset	<u><u>-</u></u>	<u><u>-</u></u>

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

	2006 \$	2005 \$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>34.1%</u>	<u>34.3%</u>
Expected income tax recovery	(298,600)	(1,209,800)
Foreign income tax rate differences	10,500	10,800
Deductible mineral resource interests cost additions	(309,600)	(191,000)
Other	(56,700)	3,700
Non-deductible stock-based compensation	139,300	49,200
Write-off of mineral resource interests	45,100	373,200
Unrecognized benefit of income tax losses	<u>470,000</u>	<u>963,900</u>
Actual income tax recovery	<u><u>-</u></u>	<u><u>-</u></u>

As at December 31, 2006, the Company has non-capital losses of approximately \$2,030,000 and accumulated pools of approximately \$431,000 for Canadian income tax purposes to offset against future income. The non-capital losses expire commencing 2007 to 2016. The pools can be carried forward indefinitely.

The Company also has non-capital losses of approximately \$2,156,000 for Mexican income tax purposes and approximately \$7,600 for Swedish income tax purposes.

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

**9. RELATED PARTY TRANSACTIONS**

During fiscal 2006, the Company:

- i) incurred \$38,200 (2005 - \$29,145) for office rent and accounting, management and administration services provided by a director and private corporations owned by a director of the Company;

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**9. RELATED PARTY TRANSACTIONS (continued)**

- ii) incurred \$99,000 (2005 - \$79,000) for management services provided by the President of the Company. Of this amount, \$51,772 (2005 - \$25,753) has been capitalized as geological costs in mineral resource interests and \$47,228 (2005 - \$31,800) expensed as management fees; and
- iii) received \$6,788 (2005 - \$7,235) in other income from Tinka Resources Limited (“Tinka”), for rental of its condominium in Peru, and was reimbursed \$24,000 (2005 - \$17,800) for shared office personnel from Tinka and Mawson Resources Limited (“Mawson”). Tinka and Mawson are public companies with certain directors in common.

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

**10. SEGMENTED INFORMATION**

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

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

	<b>2006</b>				
	<b>Canada</b>	<b>Mexico</b>	<b>Peru</b>	<b>Sweden</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Current assets	2,873,332	72,654	-	61,684	3,007,670
Property and equipment	11,264	67,522	116,233	41,121	236,140
Mineral resource interests	-	1,674,877	-	693,406	2,368,283
Other assets	-	-	-	6,742	6,742
	<u>2,884,596</u>	<u>1,815,053</u>	<u>116,233</u>	<u>802,953</u>	<u>5,618,835</u>
	<b>2005</b>				
	<b>Canada</b>	<b>Mexico</b>	<b>Peru</b>	<b>Sweden</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Current assets	1,015,868	85,151	-	-	1,101,019
Property and equipment	11,826	26,334	122,877	-	161,037
Mineral resource interests	-	853,011	-	36,859	889,870
	<u>1,027,694</u>	<u>964,496</u>	<u>122,877</u>	<u>36,859</u>	<u>2,151,926</u>

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**11. SUPPLEMENTARY CASH FLOW INFORMATION**

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

	2006 \$	2005 \$
Operating activity		
Accounts payable for mineral resource interests	<u>84,335</u>	<u>-</u>
Investing activities		
Accounts payable for mineral resource interests	(84,335)	-
Expenditures on mineral resource interests	<u>(8,738)</u>	<u>(4,562)</u>
	<u>(93,073)</u>	<u>(4,562)</u>
Financing activities		
Shares issued for mineral resource interests	8,738	4,562
Share issue costs	(74,645)	-
Shares issued for non-cash consideration	<u>74,645</u>	<u>-</u>
	<u>8,738</u>	<u>4,562</u>
Other supplementary cash flow information:		
	2006 \$	2005 \$
Interest paid in cash	<u>-</u>	<u>-</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

**12. FINANCIAL INSTRUMENTS**

Financial instruments consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities.

(a) Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk are cash and cash equivalents and amounts receivable. The maximum potential loss on all financial instruments is equal to the carry amount of these items.

(b) Fair value of financial instruments

The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities are believed to equal their carry value due to their short terms to maturity.

(c) Foreign Currency Risk

The Company is subject to foreign exchange rate risk as certain of the Company's subsidiaries and operations incur transactions and have assets and liabilities denominated in currencies other than the Company's functional currency, which is the Canadian dollar.

**TUMI RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**13. SUBSEQUENT EVENTS**

- (a) Subsequent to December 31, 2006, the Company granted stock options to consultants to acquire a total of 60,000 common shares for a period of three years at an exercise price of \$0.60 per share.
- (b) See also Note 4(a).

## SCHEDULE I

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

	2006				2005	
	Mexico		Sweden		Total	Total
	San Jorge	La Trini	Sonora	Bergslagen District		
	\$	\$	\$	\$	\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	124,755	728,256	-	36,859	889,870	2,954,918
<b>COSTS INCURRED DURING YEAR</b>						
<b>EXPLORATION</b>						
Airborne survey	-	-	-	79,516	79,516	-
Amortization	-	1,438	6,133	5,710	13,281	4,951
Assays	-	3,084	26,424	794	30,302	39,127
Assay preparation	-	1,870	14,975	-	16,845	-
Camp costs	-	3,985	20,950	-	24,935	4,077
Consulting	-	12,207	98,717	13,575	124,499	-
Database	-	-	-	23,266	23,266	-
Drilling	-	-	-	-	-	86,974
Environmental	-	-	-	-	-	7,460
Equipment rental	-	7,131	12,998	-	20,129	22,941
Exploration site costs	-	14,296	60,944	40,622	115,862	133,464
Field workers	-	3,288	44,363	-	47,651	-
Fuel	-	3,272	15,848	2,898	22,018	-
Geological	-	14,622	23,377	-	37,999	304,586
Geophysical	-	-	-	92,950	92,950	19,486
Legal	-	-	-	-	-	18,092
Maps	-	-	3,510	3,614	7,124	-
Mine rights	-	11,190	133	-	11,323	-
Other	-	1,085	10,869	-	11,954	-
Repair and maintenance	-	1,141	19,644	-	20,785	-
Salaries and benefits	-	42,972	135,923	169,948	348,843	-
Supplies	-	2,983	24,416	-	27,399	7,188
Topography	-	-	-	-	-	897
Travel	-	-	1,523	43,547	45,070	14,192
	-	124,564	520,747	476,440	1,121,751	663,435
<b>ACQUISITION</b>						
Staking and related costs	-	-	60,842	60,370	121,212	36,859
Geological fees	-	-	-	127,218	127,218	-
Cash payments	-	225,160	6,570	-	231,730	156,126
Issuance of shares	-	8,738	-	-	8,738	4,562
	-	233,898	67,412	187,588	488,898	197,547
	-	358,462	588,159	664,028	1,610,649	860,982
<b>BALANCE BEFORE WRITE-OFFS</b>	124,755	1,086,718	588,159	700,887	2,500,519	3,815,900
<b>WRITE-OFFS</b>	(124,755)	-	-	(7,481)	(132,236)	(2,926,030)
<b>BALANCE, END OF YEAR</b>	-	1,086,718	588,159	693,406	2,368,283	889,870